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# ***Daily Report***

## **East Asia**

**FBIS-EAS-95-094**  
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# Daily Report

## East Asia

FBIS-EAS-95-094

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### **OANA Concludes 2-Day Executive Board Meeting**

SK1305071095 Seoul YONHAP in English  
0602 GMT 13 May 95

[FBIS Transcribed Text] Seoul, May 13 (YONHAP) — The Organization of Asia-Pacific News Agencies (OANA) closed its 16th Executive Board meeting Saturday [13 May] with 21 member countries accepting Australian Associated Press (AAP) as the 22nd member of OANA and agreeing to make efforts to reinforce personnel training programs and to increase economic news coverage.

During the fourth and last session of OANA's two-day 16th Executive Board meeting held at the Westin Chosun Hotel in downtown Seoul, ten board members agreed to form a task force to implement the ECOANA project, which would establish a new economic wire service using OANA members, within a year.

The meeting agreed that the task force, to be composed of seven members including YONHAP (South Korea), KYODO (Japan), PRESS TRUST of India, XINHUA (China), BERNAMA (Malaysia), Iranian Revolutionary News Agency (Iran) and ANTARA (Indonesia), will have its first meeting next week during the IPI's (International Press Institute) meeting at the Lotte Hotel to address economic and technical factors on the launch of the ECOANA economic wire service.

Ten Executive Board member agencies presented country reports, focusing on the main theme, "How OANA Member News Agencies Can Strengthen Their Competitive Ability Through the Training of Personnel To Face Fierce Media Competition in Today's World."

A Technical Experts' Group (TEG) meeting held separately from the Executive Board meeting made recommendations calling for member countries to make every possible effort to participate in the new ECOANA pilot project.

During the TEG meeting, YONHAP and KYODO demonstrated their new ECOANA electronic mail systems as a possible means for operating the new ECOANA project.

The editorial workshop, attended by representatives of 22 end-users of OANA news from 11 countries, as well as delegates from OANA member agencies, meanwhile focused on quality improvement of OANA stories.

Among those participants are Jakarta POST DAILY, NHK of Japan, PUBLIC TV of Russia, Japan TIMES and Philippine JOURNAL INC.

Chairman Guo Chaoren of the 16th OANA Executive Board meeting, who is concurrently president of China's XINHUA News Agency, hoped, in his closing speech,

that the OANA meeting will have a new start in increasing economic news coverage, expanding exchanges of economic information, breaking the monopoly of some information organizations on the flow of international business news and strengthening the professional training of journalists.

Welcoming three central Asian news agencies from Uzbekistan, Turkmenistan and Tajikistan which have expressed their wish to join OANA, Guo urged new and old OANA members to make efforts to continue its progression in the fierce international competition for news and information.

Choe Chang-yun, president of the Korea Foundation, hosted a luncheon for participants at a Chinese restaurant in the Westin Chosun Hotel to congratulate them on the successful conclusion of the meeting.

Scores of participants at the OANA meeting including wives joined tours for the Korean Folk Village and Samsung Electronics Company south of Seoul.

All the participants toured the YONHAP News Agency building in downtown Seoul in the afternoon.

The 17th OANA Executive Board meeting will be held in Islamabad, Pakistan, in October next year. The exact date, however, has not been set.

Most of the participants in OANA's meeting will take part in the annual meeting of the IPI scheduled to begin in Seoul, Monday, before leaving the country, according to OANA officials.

### **Reports on International Press Institute Meeting**

#### **ROK's President Meets Delegates**

SK1305022795 Seoul YONHAP in English  
0119 GMT 13 May 95

[FBIS Transcribed Text] Seoul, May 13 (YONHAP) — President Kim Yong-sam met with delegates of the International Press Institute (IPI) attending the IPI's 44th General Assembly, at Chongwadae presidential office Saturday [13 May] morning and exchanged views on IPI activities and the role of the press.

Among the delegates were David Laventhol, IPI's chairman and editor-at-large of the Times Mirror Group in Los Angeles, Johann P. Fritz, IPI's director, Pang Sang-hun, chairman of the IPI Korean National Committee and president-publisher of the CHOSON ILBO daily, and Hyon So-hwan, vice chairman of the IPI Korean National Committee and president-publisher of YONHAP news agency. The IPI's general meeting is scheduled to open on May 15 for a three-day run.



President Kim told the IPI delegates, "Koreans are proud and pleased to host the IPI General Assembly, leaving behind the bad reputation it had of being a country that suppressed the media."

Kim said that despite the worldwide trend toward democratization, there still remains areas devoid of freedom of the press, and asked the visitors that the IPI pay special attention to North Korea in which no human rights are guaranteed.

Kim also stressed the need for the world's press, centered around the IPI, to take a positive role in combating global problems threatening the peace and safety of mankind.

#### **IPI General Assembly Opens**

*SK1505093795 Seoul YONHAP in English  
0914 GMT 15 May 95*

[FBIS Transcribed Text] Seoul, May 15 (YONHAP) — The 44th General Assembly of the International Press Institute (IPI) opened here Monday with over 350 leaders of the world's press, from 45 countries, and more than 200 diplomats and politicians participating.

Welcoming a congregation of leading journalists from around the world, President Kim Yong-sam expressed his deep respect for the international media and to the IPI for its "immeasurable" contributions to the world over the past 40 years.

Speaking at the IPI's opening address, Kim also offered to provide North Korea with grain as well as other raw materials and commodities on a long-term, low-interest basis.

The president also stressed the need for the stabilization and orderly transformation of the North Korean regime, adding "We support the idea of jointly developing a Korean commonwealth which will ensure the common prosperity of both the South and the North."

Pang Sang-hun, chairman of the IPI Korean National Committee, opened the IPI General Assembly, commonly referred to as the Olympiad of world journalists, by praising the IPI for its achievements and commitment to the press' freedom around the world.

Pang, also president-publisher of a vernacular CHOSON ILBO, also said, in his opening address to the meeting held at Kunjungjon (audience hall) in Kyongbokgung, the ancient palace of the Yi Dynasty, that the progress made by the South Korean press in recent years resulted in the selection of Seoul as the venue for this year's annual meeting.

"My experiences under South Korea's oppressive dictatorships taught me that freedom of the press is a vehicle

for development and must never be compromised," said Pang.

Stressing that freedom of the press is a universal principle that transcends national and cultural boundaries, he said a regional block should be established among Asian journalists in order to create a sense of shared identity among the nations within different regions of the world.

He also urged members of the IPI to make efforts to help the oppressed people in North Korea as well as other countries, saying "North Korea has the worst press record in the world today.... Panmunjom is a barrier that obstructs all communication, even the thinnest letter, between family members separated by the division of this peninsula some 50 years ago."

David Laventhol, chairman of the IPI Executive Board, applauded the South Korean press for its "important and courageous role throughout this century, in moving fast towards restoring self-rule and then towards achieving democracy.

"IPI's national committee has been among the most active and supportive of any in the world."

Thanking President Kim for his attendance at the IPI meeting, Laventhol, editor-at-large of THE LOS ANGELES TIMES, urged Kim to continue its commitment to protect and strengthen the free press and the free flow of information in the future.

Delivering a report on the activities of the IPI, Johann P. Fritz, director of IPI, urged members to use this gathering for a renewed appeal to the governments of all Asian countries to give people the right to express their opinions freely, to open up new possibilities for democratic participation, and to encourage respect for diversity of opinion.

Pointing out that egocentric individualism is one of the deficiencies of Western cultures, the director praised the Asian culture for its values stressing social responsibility and collective action.

"This common heritage throughout the region can therefore be a strong force for positive development."

The three-day IPI meeting will include seminars and workshops on economic growth, press freedom, cultural identity and media globalization.

#### **ROK Foreign Minister on DPRK**

*SK1505102095 Seoul YONHAP in English  
0940 GMT 15 May 95*

[FBIS Transcribed Text] Seoul, May 15 (YONHAP) — Foreign Minister Kong No-myong urged Monday that



North Korea will have to realize there is no alternative to accepting Korean-model reactors as long as the South will be paying the majority of costs associated with its light-water reactor project.

"South Korea has agreed to play a major role in the provision of light-water reactors to North Korea, not only because it will help persuade Pyongyang to discontinue their nuclear weapons development program, but also because it will help them overcome their energy shortage and economic crisis," said Kong.

Kong was delivering a speech under the title "Lessons From the German Unification" to a seminar organized by the 44th General Assembly of the International Press Institute (IPI).

The seminar, held at the Lotte Hotel in downtown Seoul, was attended by over 500 journalists from 45 countries who were taking part in the annual meeting of the world's leading journalists.

The foreign minister also urged Pyongyang to make efforts to improve its relations with South Korea to earn the trust of the international community if it really hopes to overcome its current economic and social difficulties, maintain its existing political system and improve relations with the West.

"No Western country is willing to provide food or economic assistance to North Korea whose international credit has plummeted with its external payments arrears amounting to more than 10 billion U.S. dollars," said the foreign minister.

"It must recognize that the only way to Washington or Tokyo is through Seoul," said Kong. "There is no other way around."

Kong asked participants of the 44th General Assembly of the IPI to convey to the North Korean leadership the message that North Korea will have to comply as quickly as possible with global tendencies towards freedom, human rights and market economy.

The foreign minister reiterated the South Korean Government's position that, "We truly hope that North Korea will not collapse, and for that reason, we hope North Korea will resume a dialogue with us as soon as possible and come out of its self-imposed isolation."

South Korea has no intention of pursuing unification by absorption, and financial and economic considerations alone cannot dictate the much aspired unification of the people of Korea, Kong said.

By the term "financial and economic", he was referring to the fact that South Korea set aside only 200 million U.S. dollars for use by the inter-Korean cooperation

fund for 1994, compared with West Germany's 14.7 billion U.S. dollars for 1989.

Kong outlined three points from the unification process of Germany as lessons from which Korea could learn.

He noted that a nation must possess the wisdom to see and seize the opportunity for unification, adding, "West Germany correctly pinpointed the symptoms of change in the Soviet Union's policy towards Eastern Europe and lost no time to seize the opportunity."

He also pointed out the property ownership rights in East Germany. "After unification, the German Government recognized, in principle, the old ownership rights over real property which had been confiscated without compensation by the communist East German Government following the Second World War."

That gave rise to a host of problems including numerous lawsuits, which have adversely affected investment in the former East Germany, said Kong. "I believe this issue requires our special attention, because we are likely to face the same problem over real property ownership in North Korea once Korea is unified."

Kong also remarked about the need to pay keen attention to building an infrastructure. "The German Government replaced the existing cables in East Germany with fiber optics. The investment, though expensive in the short-term perspective, was a wise, forward-looking move aimed at long-term national integration."

Answering questions raised by a panel, consisting of Walter Richtberg, president and chief executive officer of Deutsche Presse-Agentur, Hyon Hong-chu, former Korean ambassador to the United Nations, Werner Keller, foreign policy editor of Tages-Anzeiger (Zurich), Robert Leicht, editor-in-chief of DIE ZEIT, and Malcom Rutherford, columnist and former assistant editor of THE FINANCIAL TIMES, Kong insisted that a unified Korea, if it is a free democracy and market economy, will not pose a threat to its neighbors in consideration of its population and economic power.

"I cannot accept the theory that Japan or other neighbors do not like unified Korea," said Kong.

"We cannot possibly achieve national unification without cooperation from our neighbors."

For the purpose of peaceful co-existence, Kong asked for Korea's neighbors to render help in its unification process, expressing concern that, "It is very unlikely that China will look over North Korea's collapse as long as China remains a socialist country and an ally of North Korea."



Kong also said that South Korea is ready to shoulder the financial and political burdens to be incurred by the unification of the Korean peninsula but added that the problem is North Korea wants to survive within their system, although it publicly supports the idea of national unification.

He also said that a transition to a market economy in North Korea will be almost impossible because the North Korean economy is in a different situation than Vietnam and China which developed market-oriented economic systems within socialist political systems.

#### **ROK Trade Minister Gives Speech**

*SK1505101495 Seoul YONHAP in English*

*0829 GMT 15 May 95*

[FBIS Transcribed Text] Seoul, May 15 (YONHAP) — At the first panel discussion of the International Press Institute's (IPI) world congress and 44th General Assembly, the minister of International Trade and Industry, Pak Chae-yun, delivered an address Monday on the economic development and political democratization of Korea.

In a speech entitled, "Korea on the Move," Pak gave detailed and keen analysis on the history and future of Korea's democratization since the end of World War II, first focusing on economic and political reforms, then forecasting the climate for North-South cooperation and a globalized Korea.

Pak attributed the success of Korea's development in the early 1960s to a well-conceived growth strategy and diligent work force, as well as a favorable and openly external environment. It was then that Korea built up its manufacturing industries.

"During the 1950s, Korea was widely regarded as one of the least promising candidates for development," Pak stated. "But by the early 1970s, it had come to be acknowledged as an export powerhouse."

At this point, Pak asserted, the government shifted its resource allocation towards heavy industries, a move that Korea was not prepared for in terms of manpower skills, technology and capital. The global recession in the late 1970s added to the dismal era.

To break free from negative growth, Korea embarked upon a stabilization policy in the 1980s, and changed its focus to upgrading production technologies. With the added bonus of a good external environment, Korea's economic growth moved forward. "The so-called 'three lows' — low oil prices, low interest rates and a low won-dollar exchange rate — helped keep domestic prices in check and boosted Korea's exports," Pak claimed.

But in the 1980s, the solidarity of a discontented labor force led to a series of strikes, and working from this history, Kim Yong-sam developed his "new economy" reform plan, according to Pak.

"By radically restructuring this system," the minister explained, "President Kim and his administration have sought to replace government control with voluntary participation and creativity as the motivating principle of the nation's economy."

After introducing President Kim's economic policies, Pak embarked upon a detailed account of Korea's move from an authoritarian regime to the present civilian government, pointing out unique features of Korea's transition.

"Interestingly, the rising opposition to the authoritarian regime did not follow the classic pattern of economic failure undermining support for the regime," Pak analyzed. "In Korea's case, it was the economic success that accelerated the democratization process, which is very different from the experience of other countries."

The minister then discussed the policy objectives of the Kim Yong-sam government towards the full democratization of the country.

In particular, Pak pointed out the call for honest and fair elections, the "new economy" reform, local autonomy, liberalization, individual freedom and the "segyehwa" campaign, and implied that the political changes will have positive effects on the economy.

"Koreans are demonstrating that democracy, for which they have fought so long and hard, can actually result in higher economic productivity and strengthened industrial competitiveness than the old authoritarian system," Pak declared.

The trade and industry minister also pointed out Korea's move towards globalization through Seoul's bid to become a member of the OECD, as well as its APEC [Asia Pacific Economic Cooperation] participation and overseas development assistance.

The minister touched upon South-North relations, in particular the trade relationship between the fraternal countries. "From the mid- to long-term perspective," Pak remarked, "the expansion of economic cooperation between the South and North is inevitable."

"The authorities in the North are fully aware that solving their mounting economic crisis requires improved relations with the outside world," he added.

As for the future globalization of Korea, Pak mentioned the educational reforms, elaborating on the educational reform through the expansion of information-communications technology in the country.



Pak also referred to the globalization movement. "By adopting the broader objective of segyehwa, Korea aspires to reach the highest contemporary world standards of institution, practice and awareness, in all relevant sectors of modern life."

And with the successful implementation of the country's globalization campaign, Pak declared that "Korea hopes to take its place, in a few years, alongside the world's most advanced nations in the civilization of the third millennium."

The panel was chaired by Peter Preston, editor-in-chief of London's THE GUARDIAN and THE OBSERVER, and the interviewees included Ann M. Morrison, editor of ASIaweek, Donald Gregg, chairman of the Korea society and former Ambassador to Korea, and Urban Lehner, editor of THE ASIAN WALL STREET JOURNAL.

#### **Resolutions on Press Freedoms**

SK1605104595 Seoul YONHAP in English  
1004 GMT 16 May 95

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — The International Press Institute (IPI) adopted a resolution urging North Korea to allow freedom of press and permit visits by all journalists because the two Koreas are on the verge of "such an important change," according to a senior journalist at the IPI general meeting Tuesday.

Olli Kivinen, senior editor and columnist of HELSINGIN SANOMAT, Finland, who chaired the assembly, said that the IPI has closely watched the human rights situations in North Korea, and added that as far as he knows it was the first time the IPI ever had a resolution on North Korea.

He, however, refused to give any political implications to the resolution, adding that the resolution is solely on human rights issues.

Meeting reporters just after the conclusion of the 44th General Assembly of the IPI, he said the assembly, besides the resolution on North Korea, adopted four other resolutions on press freedom of Algeria and Myanmar [Burma], and protection of intellectual property rights in the field of press.

The four resolutions, however, will be released officially Wednesday after undergoing some changes in wording, according to the chairman of the IPI assembly.

#### **Ethics Code in Media Urged**

SK1605092695 Seoul YONHAP in English  
0852 GMT 16 May 95

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — The International Press Institute (IPI), a group of leading journalists from 85 countries, will have to adopt measures constituting an international ethics code to regulate harmful side-effects resulting from the media's rapid rate of globalization, a senior Korean journalist insisted Tuesday.

Speaking to a seminar during the IPI's 44th General Assembly meeting held at the Lotte Hotel in downtown Seoul, Nam Si-uk, managing director of the vernacular TONG-A ILBO, stressed the need for the world's prestigious press organizations to adopt such a code to prevent irresponsible and mindless instances of 'false journalism' from penetrating into the news coverage of other countries.

Admitting that Korea is no exception to the trend in which the rapid rate of media globalization is destroying national cultures by replacing traditional values and customs with Western ideals of civilization, Nam claims that "the nation-state succumbs slowly to the tide of integration of the global village, the impotence of the nation-state is also increasing in many aspects including its culture as well as its sovereignty."

He expects that the opening of Korea's domestic market to foreign media is imminent and that there is a growing concern regarding the side effects of media globalization especially at a time when the country will soon have 50 satellite broadcasting channels, aside from scores of cable TV channels already introduced in the country several months ago.

Pointing out the importance of preserving cultural diversity rather than eliminating cultural differences, Nam insisted that the concept of a melting pot has been replaced by the salad bowl in the United States, mainly due to the limitations on the former in assimilating cultures of ethnic minorities.

Nam, speaking to a seminar entitled "Media Globalization vs. Cultural Identity", however, warned that values which cannot be universally accepted in the course of history should not be admitted in the name of cultural diversity.

Referring to a recent speech made by U.S. President Bill Clinton on the tendency of 'spreading hatred' in U.S. society, which he suggested could have been a cause of the Oklahoma City bombing, Nam argued that "the media in the U.S. are also being blamed for political violence."



He denounced the U.S. media for "their irresponsible, demonizing talk radio, tabloid television, mindless journalism of all sorts and entertainment that thrives on sensation and gore" borrowing the words from THE WASHINGTON POST columnist Jim Hoagland's description.

Chris Andersen, managing editor of the Australian Broadcasting Corporation (ABC), argued that media globalization gains significant benefits from a global media view, however pervasive that may become.

In this connection, he expressed concern regarding the fact that satellite dishes are regulated in 15 out of 23 countries in the Asian region including South Korea, Indonesia, Cambodia, Mongolia, Pakistan, Hong Kong, Nepal, Myanmar [Burma], Malaysia, Laos, Singapore, Brunei, China, Vietnam and North Korea.

He introduced the role of Australia in the globalization of the Asia-Pacific region through Radio Australia and Australia Television - via ABC.

ABC launched an international television service in early 1993 to cover the area stretching North from Australia to Taiwan and Shanghai, in China, and spanning from the Solomon Islands west towards eastern India and Sri Lanka, according to him.

Radio Australia is a nine-language service which is directed at the average person in the priority countries of the Asia-Pacific region, while Australian Television is more focused on the influential decision-makers in the countries it reaches, he said.

He strongly supports the development of the ABU [Asia Pacific Broadcasting Union] code of ethics for international satellite broadcasters which was adopted in 1994.

"In conclusion, I would argue the benefits of a global media presence, or at least the modified form of one," he said. "In liberalization, in education, in the dissemination of news and ideas, and in the impact it has in helping free up the domestic media, the benefits outweigh the negatives."

Yasunori Asai, director of the international development division of ASAHI SHIMBUN, said that his newspaper is determined to protect and preserve cultural pluralism, adding "We are opposed to the spread of exclusionism through biased nationalism."

To that end, ASAHI created an English-language section with its own articles called 'View From Japan,' which it distributes to Asian newspapers, he said.

"At present, the BANGKOK POST and Dubai's GULF NEWS are our partners," said Asai, thanking members for showing an interest in Japanese news.

### DPRK 'Most Isolated' Society

SK1605093195 Seoul YONHAP in English  
0902 GMT 16 May 95

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — The International Press Institute (IPI), a grouping of leading journalists, Tuesday urged North Korea to open its society to free access and travel by all journalists, to permit the freedom of speech and press and to enable communication for millions of separated families between South and North Korea.

In the resolution adopted unanimously by over 350 journalists from 45 member countries who attended the 44th General Assembly of the IPI held in Lotte Hotel, the IPI also stressed that free communication is the key to all other freedoms and to the growth and quality of human rights.

The IPI General Assembly representing 85 countries agreed in the resolution that North Korea is now the most isolated and secretive society in the world with no free flow of information.

In the first such move to adopt a resolution against North Korea, the IPI urged North Korea to allow communication between millions of families torn apart by the division of the peninsula half a century ago, who are not even permitted to write letters to each other.

### Workshop on Asia Media Situation

SK1605080995 Seoul YONHAP in English  
0508 GMT 16 May 95

[All names as received]

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — Journalists in many Asian countries are still fighting to secure a free press, although they are enjoying relatively more freedom than ever before with the world trend leaning towards democratization and the collapse of ideological confrontation in the post-Cold War era, according to reports presented Tuesday at a workshop of the International Press Institute (IPI).

The workshop entitled "The Situation of the Media" discussed ways to deal with the press' freedom and the prosecution of journalists in IPI member countries, like the journalists in the Philippines who are constantly under attack by "Big Government" and must always be on the alert.

"Global journalism in the 1990s, despite fantastic new technology, the glib talk about cyberspace, the information highway and the coming 'borderless world', still faces the same inexorable challenges as ever: How to cope with onion-skinned and frequently all-powerful



government," said Maximo Soliven, publisher and chairman of the PHILIPPINE STAR, in his report to the workshop.

Speaking to over 300 senior journalists from 45 countries who are attending the workshop at the Lotte Hotel, in downtown Seoul, Soliven, however, said that the Filipino press will continue to make every effort to defend "our nation's freedoms" in determination and faith.

In Thailand, confrontations between the government and the media take the form of a war of words rather than through threats of a government clampdown, said Tulsathit Taptim, news editor of THE NATION.

There have been occasional government warnings, but they are focused mainly on potential damages of a third party, according to Taptim.

He said public figures including politicians who are offended in press reports have taken their cases to court but the court rulings have been mixed, reflecting no visible state intervention.

Thailand's biggest press-control tool which allowed police to shut down press organizations in the name of national security has been scrapped recently because of an intensive campaign to abolish it by senior journalists, he said.

He said that Thailand's Constitution now guarantees that the government cannot close down publications without court rulings or orders.

Controversy, however, flares over the term "orders" because critics are afraid court orders mandating the closure of media organizations may still occur without a trial, said the Thai journalist.

He also discussed the need to introduce an independent organization to monitor the information committee in charge of dissemination of public information to ensure that it works in the best interests of the country, not just the government.

V.K. Chin, group editorial advisor of THE STAR in Kuala Lumpur, Malaysia, meanwhile said that Malaysia has some pretty tough laws to deal with newspapers and journalists who are irresponsible and whose writing will stir up communal or religious hatred, although such powers have been exercised very carefully and there has been no serious action taken against any newspaper or journalist in the past few years.

A little over a month ago Malaysian authorities detained two reporters for several days for allegedly infringements regarding the official secret act, according to the Malaysian journalist. "If they should be charged and found guilty, they would face a mandatory jail sentence."

So far only two journalists, one foreign and the other local, have been convicted under the act, said Chin.

He also said that reporters covering Malaysia's recent general election were assaulted and harassed by supporters of several political parties.

The workshop, chaired by Cushrow Irani, managing director and editor-in-chief of THE STATESMAN in Calcutta, India, heard from several other panelists who spoke on the same subject. Among them were Cheong Yip Seng, editor of the STRAITS TIMES, Eros Djardot, editor of DE TIK in Jakarta, Michael Hayes, publisher of the PHNOM PENH POST, and Pham Tinh, chief editor of the VIETNAM COURIER.



## Japan

### U.S. May Impose Record \$5 Billion in Sanctions

OW1605014495 Tokyo KYODO in English  
0131 GMT 16 May 95

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, May 15 KYODO — U.S. policy-makers are set to impose a record level of sanctions on Japanese imports while stepping up political pressure on Tokyo by linking security issues with economic ties in an effort to pry open Japan's auto and auto parts markets.

A preliminary sanctions list scheduled to be issued Tuesday [16 May] morning will hit a record of more than 5 billion dollars, chiefly targeting Japanese luxury cars with punitive tariffs of up to 100 percent, U.S. Government sources told KYODO NEWS SERVICE.

Meanwhile, Washington stepped up its threats as White House spokesman Mike McCurry told reporters that if the 20-month dispute over auto trade with Japan is not resolved, "Over time...(it) might have some effect on other aspects of the relationship."

"All of that said," McCurry continued, "we do believe that the announcement of these sanctions, and the fact that the U.S. is proceeding under our law, will be a stimulus to the government of Japan to work closely and carefully with the U.S. To resolve these issues, so that we will not have to proceed with sanctions that nobody would prefer in the first place."

The comments came on the eve of a release of a preliminary list of items subject to possible sanctions, heightening pressure on Japan to return to the negotiating table to resolve the auto trade dispute ahead of an expected meeting between U.S. President Bill Clinton and Japanese Prime Minister Tomiichi Murayama during a Group of Seven (G-7) summit in Halifax, Canada, in mid-June.

U.S. Trade Representative Mickey Kantor will meet the press at 10 A.M. Tuesday to issue the preliminary list of sanctions, his office said Monday.

The government officials said the list defines the Japanese luxury cars subject to sanctions as those with engine capacities of 3 liters or more, thus mostly affecting models such as the Lexus of Toyota Motor Corp., the Acura Legend of Honda Motor Co., and the Infiniti of Nissan Motor Co.

Import tariffs on such cars would cause a great blow to Japanese automakers which are already reeling from lower profitability on exports due to the yen's rise against the dollar.

The list follows the go-ahead given by Clinton over the weekend to Kantor who said at a White House briefing last Wednesday that he is waiting for the president's final decision to issue the list of items subject to retaliatory actions under Section 301 of the 1974 U.S. trade law. The U.S. initiated a Section 301 probe into Japan's replacement parts market last October.

Kantor also said Washington is to lodge a complaint against Japan with the newly established global watchdog World Trade Organization (WTO).

Under the U.S. trade law, a preliminary sanctions list must be submitted to the federal register to seek public comments for a period of at least 30 days before a final list is compiled.

On Saturday, Clinton said in a weekly radio address, "I'm determined to open Japan's auto markets. That's why I have asked my administration to draw up the list of potential sanctions to impose against Japanese imports."

"We are prepared to act and we will act soon if we must," Clinton stressed.

However, expressing hopes for resolving the dispute through negotiations, Clinton said, "I also want to emphasize that Japan is a valued friend and partner."

"We cooperate on many important issues, including efforts to open trade in other areas and to advance our common security interests," he said, adding that Japan should "join us again."

Meanwhile, the Murayama cabinet has also reaffirmed its policy to lodge a countercomplaint with the WTO if the U.S. issues the sanctions list.

In addition, government officials have indicated that Tokyo is considering countering the U.S. move with its own retaliatory tariffs on U.S. products sold in Japan.

Addressing domestic concerns over a trade war with Japan, Clinton said, "We don't want a trade conflict with Japan, but we won't hesitate to fight for a fair share for American products."

The tension between Japan and the U.S. increased after a breakdown May 5 in Canada of auto trade negotiations between Kantor and Japan's International Trade and Industry Minister Ryutaro Hashimoto.

The auto and auto parts area is the only unresolved priority sector under an agreement reached in July 1993 between Clinton and then Prime Minister Kiichi Miyazawa to negotiate for a new bilateral trade framework.

They agreed the framework negotiations were to be completed and reviewed in two years, just in time for the 1995 Halifax summit.



## Reactions Surrounding U.S. Trade Sanctions

### Murayama: No Change in WTO Plan

OW1505121895 Tokyo MAINICHI SHIMBUN  
in Japanese 12 May 95 Morning Edition p 3

[FBIS Translated Text] Commenting on the U.S. plan to announce a list of sanctions to be imposed against Japan and to file a complaint with the World Trade Organization (WTO) over the failed Japan-U.S. talks on autos and auto parts, Prime Minister Tomiichi Murayama on 11 May stressed that the Japanese Government has no intention of changing its plan to bring the case before the WTO. Thus, it has become certain that "Japan, which has tried not to aggravate relations with the United States by resorting to such actions as voluntarily containing imports [as published], will come to hold trade talks openly based on international rules" (to quote an official of the Prime Minister's Office.)

However, as the prime minister himself admits, if the case is brought to a public forum like the WTO, the issue of Japanese market liberalization and deregulation will become a topic of worldwide attention. Now when the prime minister's leadership is fast weakening, how far can his government go to compete with the U.S. administration? It may be said that the Murayama government now has another difficult burden on its back.

Replying to reporters' questions that day, the prime minister reiterated remarks that sounded almost ostentatious, saying, for instance, "I think the problem of the closedness of the Japanese market has already been resolved" and "relations with the United States should not be aggravated; nor would the United States want the problem to go that far."

In fact, many in the government appear to think that "the United States also thinks the issue this time is a limited one; this is not one that could be considered a type of trade war" (to quote an official in the Prime Minister's Office). Consequently, the government looks confident of results from having the issue disputed at the WTO.

However, one must recall a past experience too. At the Japan-U.S. summit in February last year, then Prime Minister Morihiro Hosokawa bravely said "no" to U.S. demands in the economic framework talks, but that toughness promptly was setback in face of the steep rise of the yen that followed. It is true that the Clinton administration is in a difficult position, but the Murayama government's adherence to its tough stand does not guarantee anything either, and it is "wishful thinking" to assume the U.S. administration is regarding the issue as a "limited one."

When the Hosokawa government's negotiations were in impasse, Ryutaro Hashimoto, now minister of international trade and industry, who was then chairman of the Policy Affairs Research Council of the Liberal Democratic Party, which was an opposition party, said in criticism: "When one says 'no,' he has to take care of what follows."

In the 9 May cabinet meeting, Finance Minister Masayoshi Takemura noted that "the U.S. Government is proceeding with the negotiations with the overall strategy in perspective." The question now is if Japan can formulate an overall strategy with the future Japan-U.S. relationship in perspective. The reality is that the current Murayama government has no room to do that.

With regard to the subject of deregulation that is particularly closely related to that issue, the government has decided to accelerate the enactment of the "five-year deregulation plan" as part of its emergency economic program to deal with the economic recession and the strong yen problem. However, a problem here is that the plan's substance is poor.

Many doubt if even Prime Minister Murayama's request made at the previous cabinet meeting to "steadfastly carry out the deregulation plan" will be accepted seriously.

### Official: Ready To Contest at WTO

OW1605092295 Tokyo KYODO in English  
0911 GMT 16 May 95

[FBIS Transcribed Text] Tokyo, May 16 KYODO — Japan may be able to lodge a complaint with the global trade referee within a day or two of the expected imminent listing of Japanese goods subject to U.S. Sanctions, a senior Japanese trade official said Tuesday.

As officials counted down the hours to the expected Tuesday morning Washington announcement of sanctions, the senior Ministry of International Trade and Industry (MITI) official made a last pitch to reporters to show that Tokyo is ready to contest U.S. charges that Japan's car and auto parts market is closed.

But the official, speaking on condition of anonymity, played down the saber-rattling by harder-line MITI officials on the possibility that Japan will meet the U.S. sanctions list, expected to cover some 5 billion dollars worth of Japanese luxury cars and sport utility vehicles, with a countersanctions list of its own.

Asked about reported preparations of a Japanese sanctions list, the official said, "I haven't seen one," and when asked about specific possibilities, said MITI is not thinking of them.



Although some officials have said privately they are considering tit-for-tat retaliation, MITI Minister Ryutaro Hashimoto and Vice Minister Tomio Tsutsumi have stressed in recent days that Japan will react "calmly" to the sanctions list, which it calls a clear violation of international trade rules.

MITI has said it will immediately file a complaint with the World Trade Organization (WTO) upon publication of the U.S. list. The senior official said in usual cases that can be done in one or two days but may take more time if the United States moves are "hard to understand."

The senior MITI official also said that if Hashimoto meets U.S. Commerce Secretary Ron Brown next week in Paris, they will not talk about the fractious bilateral auto dispute.

Hashimoto said Tuesday he expected to meet Brown when they attend the May 23-24 ministerial meeting of the Organization for Economic Cooperation and Development.

He said the discussion would not be limited to the auto row, but the senior official said Tuesday a one-on-one meeting has not been decided and that cars would not be on the agenda at all.

He added Osamu Watanabe, head of the machinery and information industries bureau and a senior auto negotiator, would probably not go to Paris.

Another senior MITI official said late Monday it was not decided whether top auto negotiator Yoshihiro Sakamoto, vice minister for international affairs, would attend the conference.

The auto confrontation was sparked May 5, when almost two years of talks collapsed as Hashimoto and U.S. Trade Representative Mickey Kantor failed to agree on the thorny issue of auto and parts trade, which comprises some 60 percent of the 66 billion dollar annual bilateral trade imbalance.

The main sticking point is U.S. insistence that Japanese makers increase their "voluntary plans" to buy foreign parts, which Japan rejects as essentially "managed-trade" quotas. Japan also accuses the U.S. of a last-minute demand for targets on the number of Japanese dealers handling foreign cars.

#### **Hashimoto: React 'Calmly'**

*OW1605014995 Tokyo KYODO in English  
0141 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — Japan will react "calmly" to an expected list of U.S. trade sanction targets, Trade Minister Ryutaro Hashimoto said Tuesday [16 May].

But despite repeatedly stressing his intention not to overreact to the list expected later Tuesday, the chief of the Ministry of International Trade and Industry (MITI) snapped at a reporter for her "persistence" in asking whether he plans to hold a news conference to respond to the list.

"I said I don't want to," he said of the prospect of a third news conference in as many days, insisting that he would meet the press "not to make news but in order to resolve the problem."

Addressing a regular news conference after a morning cabinet meeting, he noted that the list, reportedly amounting to some 5 billion dollars worth of Japanese goods, will specify only "sanction candidates — it's not something decided."

Whether he holds a news conference or not, the MITI minister said he expects to issue a comment.

Asked about the dollar's rebound since the May 5 breakdown in bilateral auto talks which triggered the sanctions move, Hashimoto said he was "happy that the market has reacted extremely calmly" to the rupture. "If it reacted more calmly, I would be even happier," he said.

The dollar was moving in the low 86 yen range as he spoke, down from Monday's 87 yen level but up from April's postwar low of 79.75 yen.

#### **Auto Industry: Concerned With List**

*OW1505121595 Tokyo YOMIURI SHIMBUN  
in Japanese 14 May 95 Morning Edition p 6*

[FBIS Translated Text] Following the breakdown of the auto and auto parts negotiations under the Japan-U.S. framework talks, the U.S. Government has worked out a list of sanctions to be imposed on Japan; on 13 May, it was disclosed that included in this list are high-class passenger cars. Although expected, all the Japanese auto makers alike cannot conceal their puzzlement over the list.

If 100-percent retaliatory customs should be levied on high-class cars, "it is most certain that the number of exported units will drop drastically" (according to a Toyota Motors Co. source), and "it is even feared that almost no vehicles will be sold in the United States" (as stated by a Nissan Motors Co. source).

Toyota exported approximately 619,000 units to the United States in 1994. Among them, such high-class vehicles as the LS-400 (known as the Cersio in Japan) amounts to approximately 86,000 units, accounting for about 14 percent of the total exports. As for Honda



Motors Co., the export of high-class cars reaches merely 5 percent of the total.

However, since "the company collects high profits through export of high-class cars" (as stated by a Toyota Motors source), the drop in profits far exceeds the drop in the number of exported units. Self-restraint on car exports to the United States was implemented covering fiscal 1981-93. As a result, the number of cars exported to the United States was controlled. However, efforts were also made to increase exports of high-class cars so that profits could be ensured. Thus, the auto industrial circle has a strong sense of crisis.

Local dealers engaged in selling high-class cars have held up their hands in distress, and said: "If sanctions should be implemented, we would be forced to terminate business operations." Therefore, it is believed that makers themselves will have to take measures to deal with this issue some day.

However, in connection with the U.S. demand for procuring an additional amount of parts, the business circle has not changed its position that "no additional number of parts will be purchased" (as stated by a top Toyota executive). Prevalent within the industrial circle is the view that "even if Japan should make concessions, the same demand will be repeated." A senior executive of a major auto makers states: "This time, we will stick to what we think is right. When viewed from a long-term view, we cannot but help lose some profits."

The Japanese auto industry is now faced with strict conditions of management because of prolonged sluggish economy at home and a drop in its international competitiveness caused by the yen's sharp appreciation. In this connection, it is true that questions have been raised as to how far the industrial circle can afford to lose profits." In view of the final decision to be made on sanctions, the Japanese auto industry will probably be forced to make its choice at the last second.

**Tokyo May Retaliate With Truck, Chip Sanctions**  
OW1605130795 Tokyo KYODO in English  
1254 GMT 16 May 95

[FBIS Transcribed Text] Tokyo, May 16 KYODO — Japan was preparing late Tuesday [16 May] to take its trade gripe with the United States to the global arbiter while embarking on a detailed study of a counterattack against such U.S. products as trucks and semiconductors, officials said.

While preparing officially to seal its oft-repeated vow to appeal U.S. sanctions to the World Trade Organization (WTO) that are expected Tuesday morning Washington

time, Japanese officials were also fleshing out more recent threats to retaliate in kind, they said.

At the same time, officials indicated that Japan feels the U.S. move toward sanctions, reportedly worth 5 billion dollars or more, is a bluff and that Tokyo hopes to benefit from some martial bluster of its own for an eventual settlement.

The timing of the U.S. move, with its required 30-day period for public comment, sets the stage for a top-level showdown when Prime Minister Tomiichi Murayama and U.S. President Bill Clinton meet in Halifax, Canada for a mid-June summit of major power leaders.

A top official of Japan's Ministry of International Trade and Industry (MITI) said past cases suggest Japan will be able to file its complaint with the Geneva-based global trade referee within a day or two, while he skirted any talk of possible retaliation and insisted he had seen no countersanctions list.

But since Friday, some senior MITI officials have been saying the ministry is considering sanctions to respond to the expected U.S. list of Japanese goods subject to U.S. sanctions.

Publicly, MITI Minister Ryutaro Hashimoto, in comments echoed by Vice Minister Tomio Tsutsumi, has repeated his intention to respond "calmly," saying he would not overreact to the U.S. move.

Some at MITI have stressed they want to use the fledgling WTO to fight under international rules the U.S. charge that Japan's markets for autos, parts and repairs are effectively sealed to outsiders by government restrictions and overly cozy maker-supplier-dealer relations.

They profess bewilderment that Washington could simultaneously plan its own complaint to the WTO while simultaneously moving toward "unilateral measures" — Japan's term for the proposed U.S. sanctions — that Tokyo says "clearly violate" WTO rules.

And as late as Monday, Hashimoto said that although an angered Japan might want to invoke sanctions, he questioned whether they would be good for the WTO, launched in January with a much-heralded dispute-settlement system as a upgraded successor to the General Agreement on Tariffs and Trade.

But the hawks, while acknowledging Japan could lose the free-trade high ground, say Japan may need to fight fire with fire.

"I wish you wouldn't call it 'MITI's hard-line stance,' " a top MITI hard-liner said. Citing past threats of retaliations and counterretaliations between the U.S. and



Europe, as well as other trading partners, the official said, "It's a normal part of negotiations."

MITI, the Finance and Foreign Ministries and other concerned government agencies have entered detailed discussions on slapping sanctions on U.S. products with high Japanese market share, officials told KYODO NEWS SERVICE.

U.S. buses, trucks, car parts, semiconductors and other computer parts — all items not currently subject to Japanese tariffs — are among the goods under consideration for levies or other trade sanctions, they said.

But Finance Ministry officials, in particular, question whether tariffs are the most effective route for Japan.

As Japan publicly says it wants to play by WTO rules, which limit tariffs on those items to 3.9 percent, the punishing effect of such sanctions is clearly limited. But MITI officials say WTO-sanctioned tariffs are not the only method of retaliation under consideration although they reveal no other concrete plans.

Another major concern is damage to domestic industry, which for example relies almost entirely on U.S. central processing units for computers, officials acknowledged.

So, Japan is also pushing its other stance — the wronged free trader seeking redress under established rules at the negotiating table in Geneva.

WTO rules dictate that in bilateral disputes, both sides must try again to reach agreement by themselves but if they fail after six days, the issue moves to the dispute-settlement panel.

Japan maintains it is confident of victory at the WTO. A top MITI official Tuesday proffered the latest in a stream of documents to show, among other things, that Japanese automakers are in too much of a slump to contemplate more parts-buying while their Detroit counterparts surge to record sales, that the "big three" do well in the tiny area of the Japanese market they actually work to capture, and that "Japan's import car share is like that of other countries."

But despite the bellicosity on both sides of the Pacific, there were indications Tokyo still hopes for a deal.

Although MITI officials have given mixed signals about the chances of auto-related talks when Hashimoto and U.S. Commerce Secretary Ron Brown attend a conference next week in Paris, one MITI official said, "The real negotiations come after the U.S. issues the sanctions list."

### **Iran Urges 'Positive' Decision on Yen Loans**

*OW1505114895 Tokyo KYODO in English  
1138 GMT 15 May 95*

[FBIS Transcribed Text] Tokyo, May 15 KYODO — Iran urged Japan on Monday to decide as soon as possible whether it will resume yen loans to Tehran, a Foreign Ministry official said.

Iran's Deputy Foreign Minister Alaedgin Borujerdi [name as received] expressed strong hope during a meeting with Deputy Foreign Minister Hiroshi Fukuda that Japan would offer a "positive reply" on the yen loans as soon as possible, the official told reporters. Fukuda replied that Japan is studying the matter, he said.

Japan resumed extending Official Development Assistance (ODA) to Iran in May 1993, thawing an 18-year freeze on official lending to the country.

Tokyo provided 38.6 billion yen in credit as a first installment for a hydroelectric power project on the Karun river in southern Iran.

The decision on the second 45 billion yen installment of the aid was expected to be made last summer but was postponed after U.S. calls to scrap the financing deal because of allegations that Iran is supporting terrorism.

The Japanese and Iranian deputy foreign ministers did not discuss the U.S. trade embargo on Iran to curb threats of terrorism, said the Japanese official who spoke on condition of anonymity. But the Iranian delegation was quoted as telling the Japanese that the United States is acting with "hostility" toward Iran and it is pressuring other countries not to promote relations with Tehran.

While the Japanese called for continued efforts to improve ties with the U.S., the Iranians replied that Tehran has never closed the doors to possible resumption of relations with Washington.

The executive order issued by the White House prohibiting trade with Iran, as well as trade financing, loans and related financial services, is in response to Iran's alleged support for international terrorism and its intensified efforts to acquire nuclear weapons. Washington has officially asked Japan to join the embargo but Tokyo has remained noncommittal on the request.

In Monday's meeting, Borujerdi repeated the Iranian stance that Tehran does not support "any kind of terrorism," the official said. Fukuda, saying there is international concern that Iran may be involved in terrorism, called on Iran to dispel such concern "by specific words and action," the Japanese official said. Borujerdi also denied reports that Iran plans to build



about 10 nuclear power plants in the next 20 years, the official said.

**Kono Reiterates Criticism of PRC Nuclear Test**

*OW1605020895 Tokyo KYODO in English  
0159 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — Foreign Minister Yohei Kono on Tuesday [16 May] reiterated Japan's protest to China for conducting an underground nuclear test at a time when global efforts are being made to eliminate nuclear weapons.

"China's nuclear testing is extremely regrettable because the nuclear Nonproliferation Treaty has just been approved for an indefinite extension," Kono told a press conference.

"Nonnuclear states approved the treaty's indefinite extension because they trusted the nuclear states' efforts for nuclear disarmament," Kono said. "It is truly regrettable that China conducted the experiment when nuclear states should be making efforts to achieve nuclear disarmament."

Kono said, however, that he would like to further study China's stance on the matter before deciding whether Japan would take any measures against Beijing, including steps related to economic cooperation to China, in the wake of latest testing.

On Monday, Vice Foreign Minister Kunihiko Saito called China's interim ambassador to Japan, Wu Dawei, to the Foreign Ministry to lodge a protest over the nuclear experiment.

Saito told Wu it is "extremely regrettable" that China went ahead with the nuclear experiment and that he is concerned it would damage the Sino-Japanese relations.

Japan and China agreed last December on the new set of Japanese loans totaling 580 billion yen for the fiscal 1996-1998 period.

Japan has a guideline for extending Official Development Assistance (ODA) which calls for taking into account the recipient countries' disarmament efforts.

Saito said he told Wu that there is fear that the Japanese people may not support extending economic aid to China because the Japanese ODA is disbursed from taxpayers' money.

At the United Nations in New York, the Japanese Ambassador to the UN Disarmament Conference Hisami Kurokuchi on Monday labeled China's latest underground nuclear test as "extremely regrettable" and strongly urged Beijing to end tests of its nuclear weapons.

In an opening day speech to the conference, Kurokuchi stressed the aims of the recently concluded conference to review the nuclear Nonproliferation Treaty (NPT) which seeks nuclear disarmament as well as a halt to the spread of nuclear weapons.

The Japanese envoy noted that the nuclear powers, such as China, should try to limit their nuclear testing as much as possible.

"Japan strongly requests China not to carry out this kind of test," Kurokuchi told the conference.

China announced Monday it had conducted an underground nuclear test, only days after the NPT conference made permanent the treaty designed to hold in check the spread of nuclear weapons.

After considering various disarmament measures, including a register of transfers of nuclear arms and conventional weapons, the disarmament conference will report to the UN General Assembly.

**Igarashi: Aid Policy Toward PRC Unchanged**

*OW1605051495 Tokyo KYODO in English  
0501 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — Japan has no intention of freezing its economic aid to China in retaliation for that country's continued testing of nuclear weapons, a government spokesman said Tuesday [16 May].

"We do feel China's nuclear test was quite regrettable and lodged a strong protest with the Chinese side in this regard," Chief Cabinet Secretary Kozo Igarashi told a news conference.

"As far as the issue of economic cooperation is concerned, we cannot help maintaining our policy along the line of our past talks with them," the top government spokesman said.

Igarashi made the comments in response to a question on whether Tokyo will review its aid policy toward China in retaliation for Monday's nuclear test.

Vice Foreign Minister Kunihiko Saito, in conveying Tokyo's protest to acting Chinese Ambassador to Japan Wu Dawei on Monday after China exploded a nuclear device underground the same day, said Japan may suspend its Official Development Assistance (ODA) to China.

Despite Japan's repeated calls for the halting of its nuclear testing program, China tested a nuclear device Monday for the first time since last October. The country is expected to go ahead with four more underground nuclear tests later this year.



Since 1979, Tokyo has given China three lots of ODA to a total value of 1.55 trillion yen. It will furnish another 580 billion yen for fiscal 1996-1998 as part of a fourth set of loans for the fiscal 1996-2000 period.

Japan's rules for extending ODA call for taking into account the recipient countries' military spending, possession of mass- destruction weapons and arms exports.

"We have to think about our economic assistance in the perspective of Japan's overall relations with China," Igarashi said.

#### **Prosecutors To Visit PRC on Bilateral Program**

*OW1505104595 Tokyo KYODO in English  
1022 GMT 15 May 95*

[FBIS Transcribed Text] Tokyo, May 15 KYODO — A delegation of senior Japanese prosecutors headed by Public Prosecutor General Yusuke Yoshinaga will visit China from Wednesday for one week under a bilateral judiciary exchange program, officials said.

The eight-member group, including Takaharu Dohi, chief of the Osaka High Prosecutors Office, will call at the Supreme People's Procuratorate in Beijing to hold talks with Procurator General Zhang Siqing. The Japanese prosecutors will also visit Xian and Shanghai before returning home May 23, the officials said.

The two countries started the judicial exchange program in 1986, but China's military crackdown on pro-democracy demonstrators in Tiananmen square in June 1989 led to its suspension. In May 1993, the program was resumed when then Japanese Justice Minister and Deputy Prime Minister Masaharu Gotoda visited China.

#### **Private Firms Form Venture With PRC Firms**

##### **Toshiba: Produce, Market Elevators**

*OW1605083295 Tokyo KYODO in English  
0819 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — Toshiba Corp. said Tuesday it will launch a joint venture in China in July to produce and market elevators and escalators.

The major Japanese electronics maker said the new firm, Shenyang Toshiba Elevator Co., will invest 24 million U.S. dollars over the next four years to modernize production facilities currently owned by Chinese partner Shenyang Elevator Works.

Toshiba will provide wide-ranging technical support and technology transfers to the joint venture, the company said.

Production will start in January with an annual capacity of 1,000 elevators and escalators. Volume is set to expand to 3,000 by 2000, the company said.

The new firm will be capitalized at 15 million dollars, of which Toshiba will put up 8 million dollars. Toshiba Elevator Technos Co., Toshiba's subsidiary for after-sales service and maintenance, will shoulder 2 million dollars and Shenyang 5 million dollars.

China's domestic demand for elevators and escalators is expected to grow from an estimated 23,000 units in 1995 to 40,000 units in 2000, the company said.

##### **Fuji Seiko: Produce Machine Tools**

*OW1605112395 Tokyo KYODO in English  
0941 GMT 16 May 95*

[FBIS Transcribed Text] Nagoya, May 16 KYODO — Fuji Seiko Ltd. said Tuesday [16 May] it has formed a joint venture company in Dalian, China, to produce special machine tools mainly for sale to Chinese manufacturers of automobiles and auto parts.

The comprehensive maker of automobile testing and super-hard tools, based in Toyota, Aichi Prefecture, said the joint firm, Dalian Fuji Tool Co., is capitalized at 36 million yuan, with Fuji having a 55 percent stake. The remaining 45 percent is held by Dalian Machine Tool Works, a top Chinese maker of machine tools, Fuji said.

Dalian Fuji will engage in manufacturing operations at Dalian machine's plant in the city, starting in August, with sales targeted at 22.7 million yuan for fiscal 1996, Fuji said.

The joint company is planned to export 30 percent of its output to Japan, Fuji added.

##### **Dailies, ROK Counterparts Discuss Mutual Ties**

*OW1605111295 Tokyo KYODO in English  
0944 GMT 16 May 95*

[FBIS Transcribed Text] Hiroshima, May 16 KYODO — Representatives of Japanese and South Korean local newspapers discussed relations between the two countries at a forum held in Hiroshima on Tuesday [16 May].

The forum was held in commemoration of the 50th anniversary of the end of World War II and the 30th anniversary of the normalization of diplomatic ties between the two countries.

Represented at the forum were 10 newspapers, including the CHUGOKU SHIMBUN in Hiroshima and the KAHOKU SHIMPO in Sendai from Japan, and the KANGWEON ILBO and TAEJEON DAILY NEWS from South Korea.



Editors-in-chief of the newspapers told the gathering that Japan and South Korea must study each other's history and culture to become closer, and that exchanges between mass media of the two countries are important for bilateral relations.

#### **ROK Group Calls for No-War Resolution**

*OW1205114995 Tokyo KYODO in English  
1124 GMT 12 May 95*

[FBIS Transcribed Text] Tokyo, May 12 KYODO — A group of South Korean legislators called on their Japanese counterparts Friday [12 May] to adopt a war-renouncing resolution in the current Diet session that ends June 18.

The Korea-Japan parliamentarians union made the appeal in a meeting with the Japan-Korea Parliamentarians League, a member of the Japanese side said.

Kazuya Ishibashi, secretary general of the Japanese league, told a press conference that he will pass on the South Korean request to parties concerned.

The three ruling coalition parties — the Social Democratic Party (SDP) [Social Democratic Party of Japan — SDPJ], the Liberal Democratic Party (LDP) and new party Sakigake — have agreed to draw up a no-war resolution to mark the 50th anniversary of the end of World War II, but they remain at odds over what to say.

The SDP, headed by Prime Minister Tomiichi Murayama, wants to include an apology to Asian nations for Japanese wartime atrocities, but a majority of conservative LDP members oppose it.

#### **Editorial on Roles in Post-NPT Extension Era**

*OW1505122695 Tokyo ASAHI SHIMBUN  
in Japanese 13 May 95 Morning Edition p 5*

[Editorial: "The Extension of the NPT and Tokyo's Roles"]

[FBIS Translated Text] Nuclear powers led by the United States have succeeded in hooking a big fish called the "indefinite extension of the Nuclear Nonproliferation Treaty (NPT)" by dangling a variety of bait.

Many nonnuclear nations are worried that nuclear powers might do nothing to keep nuclear weapons from proliferating after catching the big fish.

Although the nuclear powers have won an agreement from NPT signatories on the treaty's indefinite extension, there is no guarantee that the Treaty on Banning All Nuclear Testing and the Treaty on Banning Manufacturing Weapons-Grade Nuclear Materials will keep the nuclear powers from threatening nonnuclear nations with nuclear weapons. We wonder if a nuclear-free

world could be built without such a guarantee. How to prevent them from threatening nonnuclear nations with nuclear arms remains unclear.

As a nation that desires to abolish all nuclear weapons, Japan has supported indefinitely extending the NPT. Japan has the responsibility to play a leading diplomatic role in achieving the "target and principle of nuclear nonproliferation and nuclear disarmament," which has been adopted at the conference on the extension of the NPT. Nuclear weapons should not be allowed to remain in the hands of nuclear powers. A decision on the NPT's indefinite extension was not made by a majority vote, as the United States maneuvered the situation. Although the conference has set the target, it approved a proposal to indefinitely extend the NPT without a vote. Anyway, we would like to rate this highly. To our regret, however, Japan, which was expected to play a mediatory role between the nuclear powers and nonnuclear nations, has kept a low profile at the conference.

The Japanese Government has tilted toward supporting the NPT's indefinite extension against the feelings of survivors from atomic bombings because it does not want the international community to see Japan as a "nation that has a lingering hope to arm itself with nuclear weapons."

Japan has asked the United States to protect it with the latter's nuclear umbrella and obtained consent from the United States to use plutonium for power generation. For this reason, diplomatic authorities appear to have had a deep-seated consciousness that Japan is not in a position to make bold proposals at the conference "out of consideration for the United States."

Originally, the NPT was a treaty that aimed to guarantee the right for the peaceful use of atomic power. The transfer of nuclear technology has been strictly controlled since India conducted nuclear tests in 1974, four years after the NPT went into effect. Meanwhile, the distinction between "military and peaceful use of nuclear materials" has grown ambiguous as nuclear weapons have been dismantled.

A system should be created to control nuclear power in the post-Cold War era transcending the NPT, which is riddled with contradictions. We believe that creating such a system is a role to be played by industrialized nations that have already used nuclear power for peaceful purposes. We also believe that it is time for the industrialized nations to look beyond their national interests.

The International Atomic Energy Agency's (IAEA) functions should be strengthened. Russian and Chinese sales of atomic reactors to Iran has become an issue. As



a signatory to the NPT, Iran has the right to purchase those atomic reactors. Whether Iran's purchase is right or wrong is related to the credibility of IAEA nuclear inspections, the impotence of which has been exposed in Iraq and North Korea. It is necessary to create a new international monitoring system to keep close watch on undeclared nuclear facilities in the two countries.

An international control system for such nuclear materials as plutonium and enriched uranium should be created at the earliest date. The system should be a comprehensive framework designed to control military and commercial use of those nuclear materials.

It is important to expand nonnuclear regions from the standpoint of increasing the NPT's universality.

In Latin America and the South Pacific, a number of nonnuclear regions have been already established and preparations are under way to establish nonnuclear regions in Africa. If a nonnuclear region was established in the Middle East, it would be possible to induce Israel to join the NPT. It is desirable to establish a nonnuclear region in Southwest Asia that is joined by India and Pakistan; the two nations have yet to join the NPT.

We hope that Japan will aim for a nonnuclear region treaty for East Asia, including the Korean peninsula. From now on, many Asian nations will build nuclear power plants and they need to pool their strength for peaceful and safe use of atomic power.

We believe that, among other things, Japan needs to shape a public opinion necessary to bring a change to the Cold War era view that possessing nuclear weapons is one of the conditions for becoming a major power.

#### **Tokyo To Study Reducing Yen Debt Burden**

*OW1605024095 Tokyo KYODO in English  
0223 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — The head of the Economic Planning Agency (EPA) said Tuesday [16 May] that Japan should consider reducing the debt burden on its yen loans to developing countries.

"It is a matter that inevitably needs consideration," Masahiko Komura told a press conference after the day's cabinet meeting.

China, Indonesia and other countries have been asking Japan to ease their debt burden arising from the increasing value of the yen.

Komura added, however, that the matter needs to be considered in the context of the general trend for lower interest rates "and not in the context of the countries' suffering because of the strong yen."

The chief economic planner said he welcomed the dollar's rise to the 87 yen range Monday, but noted that the U.S. currency fell to 86 yen Tuesday. "I am watching the foreign exchange movements with caution," he said.

Komura also commented on the economic effects of the police action against the Aum Shinrikyo religious sect, saying that "If the matter is solved, it should lead to an improvement (in personal consumption)."

Since the sarin gas attack in the Tokyo subways on March 20, people have been cautious about using subways, and sales at department stores and other shops have consequently dropped.

Aum Shinrikyo's leader Shoko Asahara was arrested Tuesday morning after police raids on the religious group's facilities lasting four hours.

#### **Panel Proposes Problem Loan Disclosure Rule**

*OW1505122895 Tokyo KYODO in English  
1213 GMT 15 May 95*

[FBIS Transcribed Text] Tokyo, May 15 KYODO — A Finance Ministry [MOF] panel Monday proposed establishing a requirement that all financial institutions publish regularly the amount of loans on which they have waived or reduced interest payments to help their debtors.

A working group of the financial system research council, an advisory council to the finance minister, made the recommendation in a report unveiled the same day.

The report also proposed imposing extensive disclosure requirements on the nation's financial institutions, including data on off-the-book derivatives transactions which they have so far not reported on their balance sheets.

It said it is "desirable" for financial authorities to apply the disclosure rule to "at least all the loans on which interest payments have been waived or reduced to a level below that of the official discount rate."

The key lending rate charged on central bank loans to commercial banks is currently an historic low of 1.0 percent per annum.

The report said all credit unions and credit associations should be required to disclose detailed financial information.

It said mandating disclosures on the part of these relatively small financial institutions is also critical because their collapse could undermine the interests of small depositors and borrowers.



The scope of financial information that must be subject to disclosure requirements should be further considered and finalized by the financial authorities, the report said.

The report proposed that these fresh requirements be implemented in the 1995 business year ending March 31, 1996.

The nation's 21 major banks, including city banks, trust banks and long-term credit banks, earlier decided to disclose some of their sensitive financial information, such as data on derivative transactions, from the 1994 business year which ended on March 31.

The report recommended that both regional banks and second-tier regional banks be required to regularly unveil data on their problem loans on which interest payments are "more than six months in arrears" if they are running overseas subsidiaries.

It said such a requirement is crucial as Japan faces "strong international demands that regional financial institutions with overseas branch offices provide transparency" on their financial conditions.

The report also urged financial institutions to divulge such data as the estimated amounts of principal invested in derivatives products and the nature of each derivatives product, including data on derivatives deals which have been customarily hidden from their official accounting books.

In a related development, Vice Finance Minister Jiro Saito told a news conference, "information disclosure should be promoted. We want (financial institutions) to live up to the recommendations in this report and expedite disclosure."

#### **Hyogo Affiliate Reports Writing-Off Bad Loans**

*OW1605112295 Tokyo KYODO in English  
1101 GMT 16 May 95*

[FBIS Transcribed Text] Osaka, May 16 KYODO — Hyogin Factors Ltd., a financially troubled affiliate of Hyogo Bank, wrote off bad loans worth 3 billion yen in fiscal 1994 ended March 31, company officials said Tuesday [16 May].

The amount is only one-100th of Hyogin's outstanding ordinary loans, more than half of which are said to be bad. The limited write-off indicates that Hyogin's 10-year rehabilitation program has yet to get fully under way, sources familiar with the Kobe-based nonbank financial institution said.

Hyogin is unable to write off bad loans as quickly as planned because its operating profits are not large enough to cover them, the sources said.

For fiscal 1994, Hyogin, which wrote off only 2.2 billion yen of bad loans in fiscal 1993, expects a pretax loss of 2.5 billion yen and a net loss of an equal amount on operating revenues of 11 billion yen.

The sources said that as the poor results appear likely to reduce Hyogin's net worth by nearly 700 million yen, the company will be forced to review its rehabilitation plan.

As an example of the delayed implementation of the rehabilitation plan, Hyogin has yet to conclude agreements on interest payment reductions with 33 financial institutions associated with the agriculture, forestry and fishery sectors, to which the company owes nearly 20 billion yen of its total borrowings of 370 billion yen.

#### **Probe Finds Loans to Yamaguchi Relatives**

*OW1105130995 Tokyo KYODO in English  
1220 GMT 11 May 95*

[FBIS Transcribed Text] Tokyo, May 11 KYODO — Three firms affiliated with relatives of former labor Minister Toshio Yamaguchi were granted some 490 million yen in unsecured loans from a golf company related to the ex-head of a scandal-tainted credit union, investigative sources said Thursday [11 May].

Harunori Takahashi, the former president of Tokyo Kyowa Credit Association, ordered the golf course company, a member of his Eie group of companies, to offer the loans from 1986 to 1991 to the firms related to Yamaguchi's relatives, the sources said.

The three firms have not paid back the interest, which must by now total more than 70 million yen, the sources said.

Earlier in the day, prosecutors raided the three companies tied to Yamaguchi's relatives over suspected breach of trust by Takahashi and Shinsuke Suzuki, the former president of Anzen Credit Bank.

The three firms under investigation by the Tokyo District Public Prosecutors Office are Mutsumi Shoji in Higashimatsuyama, Saitama Prefecture, north of Tokyo, and two other "paper" companies.

It is already known that the Yamaguchi's relatives-linked companies borrowed some 6.5 billion yen directly from the two credit unions and also some 30 billion yen from the Eie group, the sources said.

Yamaguchi resigned as deputy secretary general of the main opposition Shinshinto (New Frontier Party) in February after the disclosure of dubious loans from the credit unions to companies run by his relatives. In March he quit the party itself, although he has denied any wrongdoing.



Prosecutors believe the massive lending to Yamaguchi's relatives- affiliated firms holds a key to uncovering the scandal.

In February, the defunct credit unions filed complaints with prosecutors and police against Takahashi and Suzuki, accusing the two men of granting illegal loans without sufficient collateral.

According to the Tokyo metropolitan government, which supervises the credit unions, the two institutions are saddled with 110 billion yen in unrecoverable loans.

The two credit unions have been absorbed into Tokyo Kyodou Bank, which was set up as part of the central government-led rescue operations.

#### **Mitsubishi Bank Head on Bank's Prospects**

*MS1605104395 London FINANCIAL TIMES  
in English 16 May 95 p 29*

[Report on Interview With Tasuku Takagaki, Head of Bank of Tokyo Mitsubishi, by Gerard Baker; date and place not given]

[FBIS Transcribed Text] At first sight it might seem strange that the man who now sits at the very pinnacle of Japanese banking society should profess such modest ambitions. "Our principal aim is to create a sound bank. That may appear like nothing much, but it's a goal that has been often neglected in the past," says Mr Tasuku Takagaki, the president of the Bank of Tokyo and from next April the first chief of the merged Bank of Tokyo Mitsubishi.

The new bank will be the largest in the world, dwarfing its closest rivals. It will be a genuinely full-service bank, too, the first in Japan to command a presence in all the principal areas of commercial banking; international banking; trust banking, and even securities. One might have expected its boss to be charting a little more enthusiastically the expansion of his domain.

But Mr Takagaki's words, in his first interview with a non- Japanese publication since his appointment, are not simply the customarily understated modesty of the Japanese businessman. They are designed to underline the new bank's significant advantage over most of its Japanese rivals. Soundness is a quality that has been conspicuous by its absence from the financial sector in recent years, a period marked by deepening bad debt problems, the hangover from the reckless lending of the 1980s.

Mr Takagaki draws a contrast between some banks' behaviour and that of his own. "You would be surprised by some of the conversations I heard back in the 1980s. Some bankers were really just throwing out money. We

were not Tasuku Takagaki: this merger will not be the last perfect, but we have tried to put in place control systems and have been at least partially successful."

The modesty is engaging but in fact both Bank of Tokyo and Mitsubishi have been rare diamonds in the mud. The combined new bank will have the lowest proportion of bad loans and the highest capital adequacy ratios of all Japanese banks.

Such strength will, Mr Takagaki believes, enable the megabank to pursue its most important challenge — converting its relative strength into a basis for a genuinely competitive international bank.

That achievement has eluded most Japanese banks in the past decade or so. Despite their size and their unequalled access to a low-interest paying deposit base, they have been poor competitors in the international field. They poured money into risky overseas ventures in the 1980s, and excited the ire of foreign banks in the process by using their low cost of funds to pare lending rates to the bone. Since then the retreat has been spectacular.

Bank of Tokyo, with 55 branches around the world, has been an exception. It has enjoyed a status for most of the past 50 years as the country's specialised foreign exchange institution. Now, Mr Takagaki believes the further rise of the yen and the shift of Japanese manufacturers' facilities abroad means the demands of domestic companies will increasingly be met in international financial markets.

"At Bank of Tokyo it was always our strategy to expand our international network because that was necessary to serve our domestic customers. I would like the new bank to follow the same principle. That is what we bring to the merger. It would have taken Mitsubishi 10 years to build up a foreign network like ours."

Mr Takagaki points to three main areas of activity which he believes offer his bank its best prospects: foreign exchange and related activity, including derivatives; corporate finance; and the growing field of project finance. He acknowledges that most of the bank's business will still come from Japanese corporations but is eager to develop the foreign client base.

But while Bank of Tokyo Mitsubishi may see itself as a competitive international force, it will have to deal with the fact that the bulk of its Y70,000bn (\$807bn) or so of assets will be in the still-benighted Japanese domestic financial markets.

It is not just the bad loan problem that hampers recovery. Banks' costs are still high, and their underlying profitability is weak. But there are no plans for the new



bank to cut its own costs radically. The president confirmed there will be very little rationalisation between the two banks' operations.

One problem looms large on the horizon. Mitsubishi Bank is at the core of one of the largest keiretsu, industrial groupings that dominate Japan's economy. Until now Bank of Tokyo was an independent institution, drawing customers from all the country's corporate sector. Some of those customers may like Bank of Tokyo a lot less now that it is part of the Mitsubishi group.

"That will apply to some customers," Mr Takagaki admits, "but industrial groups are themselves trying to reach out to other companies. Mitsubishi would not be satisfied with being the bank solely for the Mitsubishi group. So I think we can continue to act as something like a 'go-between' for the group and companies outside it."

Mr Takagaki demurs from the widespread view that the merger means the Japanese financial system is gradually splitting into two — with stronger banks leaving behind the weaker institutions. But he acknowledges that further significant consolidation of the industry is inevitable — and that this merger will not be the last.

He is anxious to deny suggestions that the bank may be called upon to bail out weaker ones. "It has been said that the authorities only agreed to the merger on condition that we were prepared to take over a weaker bank if necessary. I can say frankly that I made no such commitment."

That may be reassuring news for the shareholders of Bank of Tokyo and Mitsubishi, but it will heighten the sense of insecurity at most of the country's other banks.

#### **Aum's Asahara Arrested on Suspicion of Murder**

*OW1605011495 Tokyo KYODO in English  
0101 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — The founder and leader of the Aum Shinrikyo religious sect, Shoko Asahara, was arrested Tuesday [16 May] on suspicion of murder for allegedly masterminding the March 20 sarin nerve gas attack on the Tokyo subway, which killed 12 people and left some 5,500 others sick, police said.

The arrest marks the culmination of a two-month police probe into the doomsday cult over its suspected link to the sarin gas attack, which police said was aimed at indiscriminate killings.

Aum Shinrikyo, which puts its membership in Japan at about 10,000, has so far denied any involvement in the subway attack.

Police obtained arrest warrants for Asahara and 40 other Aum members on Monday for alleged involvement in producing and dispersing sarin, a highly lethal gas developed in Nazi Germany.

The toxic gas was also released in Matsumoto, Nagano Prefecture, last year, killing seven people.

Asahara, 40, whose real name is Chizuo Matsumoto and who the sect said is seriously ill, had not appeared in public since the initial police raids.

In the course of police probes into the sect, police investigations were hampered at one point after Aum's chief scientist Hideo Murai was stabbed to death on April 23 by a man claiming to be a rightist.

But the arrest of Aum's top chemist, Masami Tsuchiya, on April 26 led to deepened suspicion that Aum leader Asahara masterminded the production of the toxic gas and the subway attack, police sources said.

During nationwide raids since the subway attack, police have confiscated tons of chemicals, machines, documents and various other materials, and have gradually gathered evidence that the group produced the same gas used in the subway murders.

The crucial evidence linking Aum to sarin production, including key materials for the gas, was discovered at the sect's compound in Kamikuishiki, Yamanashi Prefecture, located at the foot of Mt. Fuji.

Investigators, however, still face the daunting task of sorting out the amassed materials and putting together a complete picture of the various crimes the group is suspected of having committed.

Among the charges that prosecutors plan to file against Aum, in addition to murder, are kidnapping and illegal detention of followers seeking to escape and their relatives. Aum is also suspected of illegally producing guns.

Police may also discover some connections between Aum and the disappearance of a Yokohama lawyer, who had been dealing with cases against the group, and his wife and their only son, as well as links with the kidnapping of a Tokyo notary official, incidents which reportedly first triggered the probe.

In the course of the raids, police have arrested more than 200 Aum followers, including most of the leading members. Several retired members of Japan's Self-Defense Forces were among those arrested.

Aum Shinrikyo developed from a small group of mainly yoga and meditation practitioners which Asahara founded in 1984, when he was working as an acupuncturist.



Asahara was once arrested in 1982 on suspicion of selling fake medicines.

Asahara has publicized his alleged close relations with the Dalai Lama, the Tibetan spiritual leader. But when the Dalai Lama visited Japan from late March through early April, he said Asahara was just an acquaintance of his rather than his disciple.

After the sect was registered as a religious organization in 1989, the group grew rapidly, partly due to active campaigning to increase its followers.

During the past six years it has established 24 branches nationwide and some overseas in such countries as Russia, the United States and Germany.

Aum has also accumulated enormous assets by forcing its followers to donate all their money and assets to the organization after abandoning their ordinary links to society to concentrate on supposedly religious activities.

The cult has built up a hierarchy supported by a structure modeled on that of the government, and has started a number of businesses through affiliated companies.

#### **Aum 'Intelligence Minister' Inoue Arrested**

*OW1505001295 Tokyo KYODO in English  
2321 GMT 14 May 95*

[FBIS Transcribed Text] Tokyo, May 15 KYODO — Police arrested a man believed to be Yoshihiro Inoue, "intelligence minister" of the Aum Shinrikyo religious group, early Monday [15 May] morning in Tokyo. Inoue has been on a wanted list in connection with the Feb. 28 abduction of Kiyoshi Kariya, 68, manager of a notary public office in Tokyo's Meguro Ward.

Police spotted the man in Tokyo and arrested him for interference with police officers in the execution of their duties, police said. No other details were immediately known. Police suspect that Inoue commanded the March 20 Sarin nerve gas attack on the Tokyo subway system on the scene, police sources said Monday.

Police have confiscated Inoue's notebook, believed to include preparations for the subway attack, at the Tokyo headquarters of the religious cult in Minamiaoyama, the sources said. Time tables of subway lines and the number of passengers at subway stations were written in the notebook, the sources said. Police suspect Inoue made the record in the notebook when he conducted surveillance before the attack.

Some of arrested Aum members have told of Inoue's role in the subway attack which killed 12 people and made about 5,500 people sick, the sources said.

Police suspect Inoue made the record in the notebook when he conducted surveillance before the attack.

Some arrested Aum members have told of Inoue's role in the subway attack which killed 12 people and made about 5,500 people sick, the sources said.

Police believe Inoue led a firebomb attack on the Tokyo headquarters of the cult on the eve of the subway sarin attack.

They suspect Inoue and other Aum members gathered at a hiding place in Tokyo after the "staged" firebomb attack and carried out the subway attack, the sources said.

Police will question Inoue about the whereabouts of notary public office manager Kariya. They have confirmed that Kariya was taken to the Aum compound in Kamikuishiki, Yamanashi Prefecture, west of Tokyo, sometime after he was abducted by several Aum members including Inoue and another Aum leader, Takeshi Matsumoto, on a road in Kamiosaki in Shinagawa ward on Feb. 28, the sources said.

Police suspect Inoue was involved with other abduction cases and illegal secret operations.

Police considered it essential to arrest Inoue before they begin investigating Asahara on suspicion of murder, as Aum's "secret commando group" may carry out another terrorist attack in retaliation for the probe, the sources said.

Police also believe it crucial to confirm that Asahara issued instructions on the suspected sarin production and the Tokyo subway attack before they seek a warrant to arrest him, the sources said.

#### **Parcel Bomb Explodes in Tokyo Governor's Office**

*OW1605133695 Tokyo KYODO in English  
1315 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — A parcel bomb exploded Tuesday [16 May] in the office of Tokyo Gov. Yukio Aoshima, injuring a senior aide, police and firefighters said.

The explosion severed the left hand and right thumb of Masaaki Usumi, 44, firefighters said.

The bomb, contained in an A-4 size brown envelope addressed to Aoshima, went off around 7 PM [1000 GMT] as Usumi was sorting mail in the secretary's room adjoining the governor's office on the seventh floor of the Metropolitan Government Building in Shinjuku Ward, Tokyo, police said.

Aoshima, 62, was attending a meeting of a Metropolitan Assembly Committee at the time.

A female cleaner was just leaving the room when the explosion occurred.



"There was a big bang when I was going out and smoke billowed all around," said Fujiko Kikuchi, 61, who escaped unhurt. "When I looked back into the room, the top of the desk there was a complete mess and I found a male staffer standing with his left hand covered with blood."

Last December, a parcel bomb addressed to a rising teenage TV star at the commercial network NTV in Tokyo injured two employees of a production company.

Aoshima, a former television celebrity, movie director and author, was elected governor last month. He has stirred controversy with his pledge to scrap the world city expo slated for next year in Tokyo, a matter discussed at Tuesday's committee meeting.

He also openly advocates the dissolution of religious sect Aum Shinrikyo, which is suspected of having staged the March 20 nerve gas attack on Tokyo subways that killed 12 and injured almost 5,500.

Cult founder and leader Shoko Asahara and some other Aum members were arrested Tuesday on charges of murder and attempted murder in connection with the subway attack.

Aoshima made his television debut as host of a variety show in 1959, turning his characteristic self-promoting shout "It's Aoshima" into a household word.

From 1967 he starred as Ijiwaru-Basan, a mischievous old lady who became a popular TV character. Elected to the House of Councillors in 1968, Aoshima was awarded the prestigious Naoki Prize for a best-selling novel in 1981.

**Nation Warned To Remain Alert Against Terrorism**  
*OW1605105995 Tokyo KYODO in English*  
1022 GMT 16 May 95

[FBIS Transcribed Text] Tokyo, May 16 KYODO — The government wants the nation to remain on the alert against a possible recurrence of a terrorist attack involving the use of sarin nerve gas, a spokesman said Tuesday [16 May].

"We have sort of crossed over a mountain pass" with the arrest of Aum Shinrikyo leader Shoko Asahara earlier Tuesday on suspicion of involvement in murder using the killer gas, chief Cabinet Secretary Kozo Igarashi told a news conference.

"Or I should say we have entered a new phase," the top government spokesman said, adding he was very pleased with the outcome of the day's police raids across the nation.

"Frankly, I think it's good that the arrests (of Asahara and some of his followers) and raids ended uneventfully," Igarashi said.

But he hastened to serve notice that the nation should continue to be on guard against a recurrence of the March 20 sarin attack on the Tokyo subway system that killed 12 people and injured more than 5,500 others.

Pointing to the possibility the religious group has concealed more sarin, Igarashi noted police will stay on the alert for some time to come so as to head off other acts of terrorism.

"I want people to understand that we still cannot breathe easily and we must get a grip of ourselves," he said.

Prime Minister Tomiichi Murayama shares the opinion about the need for continued precautions against a fresh terrorist attack, Igarashi said.

**Diet Deliberations on Extra Budget To Begin**  
*OW1505133895 Tokyo KYODO in English*  
1315 GMT 15 May 95

[FBIS Transcribed Text] Tokyo, May 15 KYODO — The ruling coalition has agreed with the main opposition party to begin deliberations on a 2.7 trillion yen supplementary fiscal 1995 budget plan Tuesday [16 May] in the Diet's two chambers, Diet sources said Monday.

At a meeting of the chairmen in charge of Diet affairs, the tripartite coalition and Shinshinto (New Frontier Party) also agreed to start discussing the budget plan at the House of Representatives Budget Committee on Tuesday and to send it to the House of Councillors on Thursday.

The extra budget, including measures to deal with the yen's rise against the U.S. dollar and the aftermath of the Jan. 17 Great Hanshin Earthquake, is expected to be enacted at the latest May 23, the sources said.

Following the accord on handling the budget, the first of its kind in the fiscal year which began April 1, Finance Minister Masayoshi Takemura told a plenary session of the lower house that the supplementary budget will help nurture Japan's economic recovery.

The lower house plenary session has been delayed due to antagonism between the coalition — the Liberal Democratic Party, the Social Democratic Party [Social Democratic Party of Japan - SDPJ] and New Party Sakigake — and Shinshinto over Diet procedures to deal with the extra budget.



Both sides have avoided further disputes over the budget issue out of an urgent need to help prevent the political situation from becoming more volatile.

The budget includes a 1.4 trillion yen outlay to rehabilitate areas devastated by the earthquake and 790 billion yen for improvement of the nation's natural disaster protection system as well as funding for measures to combat the yen's surge and to reform the domestic economic infrastructure.

To finance the budget and make up for a 138 billion yen tax revenue shortfall, the government plans to issue public bonds worth 2.83 trillion yen — 2.26 trillion yen in construction bonds and 564 billion yen in deficit-covering bonds.

#### **Takemura Comments on FY95 Supplementary Budget**

*OW1505105795 Tokyo KYODO in English  
1048 GMT 15 May 95*

[FBIS Transcribed Text] Tokyo, May 15 KYODO — The 2.7 trillion yen supplementary budget for fiscal 1995 will help nurture Japan's economic recovery, Finance Minister Masayoshi Takemura said Monday.

Takemura made the remarks in a fiscal address to a plenary session of the Diet's House of Representatives for deliberations of the extra budget plans to finance measures for reconstruction of Kobe and its vicinity devastated by the Jan. 17 earthquake and steps to combat the yen's recent surge. The extra budget is to flesh out the government's latest emergency yen-stabilizing economic package.

The package incorporates every possible urgent step to deal with recent rapid fluctuations of foreign exchange rates, which could have "grave" effects on the nation's economic outlook, Takemura said.

Together with the official discount rate cut to a record low of 1.0 percent per annum, the comprehensive package will wipe away uncertainty in economic outlook and make the present recovery trend more certain, Takemura said.

#### **Murayama on Reiteration of No-Resignation**

*OW1605122195 Tokyo KYODO in English  
1207 GMT 16 May 95*

[FBIS Transcribed Text] Tokyo, May 16 KYODO — Prime Minister Tomiichi Murayama on Tuesday [16 May] spurned the opposition camp's demand for his resignation as premier, saying he will not allow any political vacuum to be created by dissolving the House of Representatives.

"It is my task to tackle the accumulated problems and open a vista for the future," Murayama said at plenary sessions of the two Diet chambers that resumed to discuss a 2.7 trillion yen fiscal 1995 supplementary budget.

Murayama retorted to the resignation demand by Shinshinto (New Frontier Party) and the Japanese Communist Party, saying "I have no intention to resign at all."

The premier also rebuffed speculation he might dissolve the lower house for a snap general election.

"A political vacuum must never be permitted," Murayama said.

Murayama's Social Democratic Party (SDP) [of Japan — SDPJ] holds only 69 seats in the 511-member lower house but the leaders of two other coalition partners, the Liberal Democratic Party's (LDP) Yohei Kono, foreign minister, and New Party Sakigake's [Harbinger] Masayoshi Takemura, finance minister, also support the premier's stance.

Combining 208 seats of the LDP and 21 seats of Sakigake, an LDP splinter group, the tripartite coalition holds a comfortable majority in the lower house.

But leading national dailies such as the YOMIURI SHIMBUN voiced skepticism over Murayama's leadership as premier, especially when some of the SDP members quit the party last week in efforts to create a new political force.

Murayama voiced regret over the resignation of seven SDP lawmakers, including former Chairman Sadao Yamahana.

"With my full strength, I am dealing with forming a new party," Murayama said in answering to a question asking what he thinks about the status quo of the SDP.

The SDP leadership has agreed to form a new party on its own by combining "liberals and democrats" both in and outside the party.

Kono, when asked if Murayama would remain premier even if the SDP lost July's House of Councillors election, showed his determination to preserve the current three-party coalition framework.

"If there is no change in the decision (to name Murayama as premier) in the House of Representatives, it is natural for Prime Minister Murayama to carry on," Kono said.

Kono noted the Japanese constitution that stipulates the lower house is predominant over the upper house in the designation of the premier.



Murayama, 71, became Japan's first socialist prime minister in nearly half a century last June by forging an alliance with the SDP's Cold War archrival LDP.

On the arrest earlier Tuesday of Aum Shinrikyo Leader Shoko Asahara, Murayama said he "will make efforts to dissolve social unrest and realize politics that can enable people to feel secure."

Asahara, 40, was arrested at a hideout in the village of Kamikuishiki at the foot of Mt. Fuji, west of Tokyo, on suspicion of murder and attempted murder in connection with the March 20 deadly sarin gas attack on Tokyo subways.

Regarding a war-renouncing resolution to be considered in the current Diet session that ends June 18, Murayama expressed hope that the three ruling parties will adjust their differences successfully.

The coalition parties have agreed to draw up a no-war resolution to mark the 50th anniversary of the end of World War II, but they remain at odds over what to say.

The SDP wants to include an apology to Asian nations for Japanese wartime atrocities, but a majority of conservative LDP members oppose it.

### North Korea

#### U.S. Deployment of Military Equipment Viewed

SK1505143095 Pyongyang Korean Central  
Broadcasting Network in Korean  
1225 GMT 15 May 95

[Commentary by Kim Ho-sam: "Maneuvers of Military Pressure are Being Committed at a Grave Stage"]

[FBIS Translated Text] According to a report, latest style military equipment, such as up-to-date M1A1 tanks and armored personnel carriers, newly deployed by the U.S. Forces occupying South Korea, arrived in Pusan port on 12 May.

The U.S. Defense Department had already revealed on 8 May that the U.S. Forces occupying South Korea will newly deploy from mid-May to late August various latest style military equipment, such as 130 M1A1 tanks and M2 fighter armored vehicles, in case of an emergency on the Korean peninsula. The military equipment that arrived in Pusan port is part of that latest style military equipment.

This proves that the maneuvers of military pressure by the U.S. warmongers against us are being carried out on a full-scale at a very grave stage.

The U.S. warmongers are saying that bringing in the latest style military equipment is part of the moderniza-

tion plan by the U.S. Forces occupying South Korea, but this is by no means a simple maneuver to build up arms. This can also be vividly seen from the fact that U.S. military authorities babbled that they are planning to deploy latest style heavy equipment earlier than scheduled due to the heightened tense situation on the Korean peninsula in connection with the rupture of the DPRK-U.S. working-level negotiations to provide light-water reactors.

The U.S. imperialists are trying to solve the unreasonable demand that was not realized at the DPRK-U.S. negotiations arena through the method of military pressure, and are trying to realize without fail their original ambition of crushing us militarily.

As is known, the DPRK-U.S. working-level negotiations to provide light-water reactors were ruptured because the U.S. side persistently maneuvered to impose on us the nonexistent South Korean-model light-water reactor. Trying to impose on us nonexistent South Korean-model light-water reactors is a preposterous scheme that is just like imposing the nuclear plague on us.

When such unjust demands did not work on us, the U.S. imperialist warmongers intactly revealed their aggressive true nature and are moving toward the adventurous military road. It is a known fact that the U.S. imperialist warmongers were not satisfied with the adoption of the DPRK-U.S. agreed framework and its implementation and interfered in its progress directly and indirectly.

When the DPRK-U.S. negotiations were ruptured, such U.S. imperialist warmongers all the more ran amok to carry out military threats and blackmail and oppressive maneuvers as if they found an opportunity. This was by no means a coincidence.

However, the U.S. warmongers should clearly know the danger of their adventures. Military threats, blackmail, and oppressive maneuvers by the U.S. imperialist warmongers will not work on us at all. The U.S. imperialist warmongers' attempt to gain something from the road of their military adventure is their foolish daydream. The road of military adventure will bring about irrevocable tragic results to the United States.

For half a century, our people have confronted militarily with the United States and, once, carried out a fierce war for three years. In this course, we were well able to know the true nature and brutality of the U.S. imperialist warmongers, as well as are sufficiently becoming aware how we should deal with them. In short, we are prepared for both dialogue and war.

Our people regard their national dignity and sovereignty as more valuable than their life. In practice, our people



have already shown on many occasions that without the slightest vacillation and hesitation, they will resolutely confront anyone if their dignity and sovereignty are infringed upon, even a little.

Such a firm position and will of our people still remains unchanged. It is better for the U.S. imperialist warmongers to act with discretion, clearly being aware of our people's firm position and will.

#### **Said 'Grave Military Challenge'**

*SK1605050595 Pyongyang KCNA in English  
0455 GMT 16 May 95*

**["Useless Military Pressure" — KCNA headline]**

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The United States on May 12 brought the most advanced M1A1 tanks, armoured vehicles and other military equipment to South Korea to deploy them at the U.S. Forces stationed there, a foreign news report said.

This is one more grave military challenge which will aggravate the situation on the Korean peninsula and a wanton violation of the DPRK-U.S. framework agreement.

The shipment was made when they are staging joint military exercises, a replica of Team Spirit, together with the South Korean puppets, bringing the situation to the brink of war. This is, in the long run, nothing but an attempt to get something from military pressure on us, testing our will.

The United States announced that the shipment has nothing to do with the "nuclear issue" of North Korea. But this is a trick to cover up her insidious acts to lay an artificial obstacle in the way of the implementation of the agreement.

The fact shows that she is trying to isolate and stifle the DPRK with strength, proceeding from her policy of hostility towards it.

Military threat or pressure is not a solution to the issue and does not work on the DPRK.

If the United States truly has a willingness to solve the issue on a fair basis, it should stop all acts of aggravating the situation of the Korean peninsula.

#### **Anti-U.S. Demonstrations Reported in Japan**

*SK1605020095 Pyongyang Korean Central  
Broadcasting Network in Korean  
1300 GMT 15 May 95*

[FBIS Translated Text] According to a report from Tokyo, 13,000 odd people staged demonstrations in

Japan under the auspices of the Okinawa Peace Movement Center to oppose the U.S. Forces' occupation of Okinawa.

The demonstrators formed a 14 kilometer-long human chain surrounding the Kadena Air Force base. The demonstrators condemned the U.S. military bases, the Air Force base in particular, for causing danger and harm to nearby residential areas, and demanded the closure and return of U.S. bases.

U.S. military vehicles were banned from coming into and going out from the bases due to their demonstration struggle.

#### **CPRF Statement on Stand Toward N-S Dialogue**

*SK1605052895 Pyongyang KCNA in English  
0447 GMT 16 May 95*

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The Committee for the Peaceful Reunification of the Fatherland (CPRF) clarified the principled position of the North side towards the improvement of relations and dialogue between the North and the South of the country.

The CPRF in a statement on Monday accuses the South Korean authorities of seeking "unification under the liberal democratic system".

The struggle of the entire fellow countrymen to mark the 50th anniversary of national liberation as the year of reunification is facing a grave challenge due to the anti-reunification separatist moves of the South Korean authorities, the statement notes, and says:

The biggest challenge to the grand reunification march of our nation is that the South Korean authorities are pursuing the "unification under the liberal democratic system".

The chief executive of South Korea declared "unification under the liberal democratic system" in his "address on day of national liberation" on August 15 last year and on other occasions. Even he blared that it is his "target and dream".

The "unification under the liberal democratic system" is a replica of the "theory of unification by prevailing over communism", which proved fruitless long ago, and it is a theory of North-South confrontation, permanent division and war.

Dialogue should serve for the unity of the nation and for the reunification of the country.

If the South Korean chief executive is willing to have dialogue with us, he should withdraw the theory by



himself. Otherwise he should have no dream of the dialogue with the North.

The theory of "unification under the liberal democratic system" is no longer a topic of discussion. The South Korean authorities have declared it a policy and are trying to carry it out.

This is proven by the "international cooperation system" which was invented under the pretext of "nuclear suspicion".

As long as the South Korean authorities regard the destiny of the nation as a plaything for outside forces and seek an "international cooperation system" intended to stifle us in league with them, they will never be recognized as an independent being nor be accepted as a trustworthy dialogue partner of ours. They are dependent stooges who have no say. So it will be a better choice for us to seek a solution with their master than with the stooges as long as they resort to the "international cooperation system".

Before talking about the North-South dialogue, the South Korean authorities should have dignity and prestige as a dialogue partner with independence and take an independent stand whereby to attach greater importance to reconciliation and unity with the fellow countrymen than to partnership with outside forces.

They must clearly know that only when they give up the anti-national "international cooperation system" against the North and promote the national cooperation system can the door of dialogue and reconciliation with us be opened.

As for the "National Security Law [NSL]" which defines the DPRK as an "anti-state organization", it is an anti-DPRK and anti-reunification evil law which presupposes "unification under the liberal democratic system".

It is justifiable with no excuse that the "NSL," which is a leftover of the Cold War era and denies the existence of the DPRK, remains in South Korea until today when the dialogue and reconciliation between the North and the South are more urgent than ever before.

The "NSL" does not suit the "civilian" veil the South Korean authorities are wearing. And it is contrary to the idea of dialogue as well as to the stark international reality.

By this law the authorities, too, are being restrained and led to a pit of self-contradiction.

The South Korean authorities must abrogate the NSL before anything else if they truly want the civilian veil and wish dialogue and reconciliation with us.

When we were suffering the greatest misfortune of the nation, they committed an anti-ethical rash act. We will never forget their anti-national behaviour and it will be taken into account without fail.

We are also heightening our vigilance against their reckless and provocative anti-North war moves. We want dialogue but are not afraid of confrontation.

The Kim Yong-sam group must clearly know that the "unification under the liberal democratic system" is a wild dream which is quite infeasible. It must draw a lesson from the miserable fate of the predecessors who fell down after trying to do harm to us in collusion with outside forces and confront with us, invoking the "NSL".

The prospect of the improvement of relations and dialogue between the North and the South at present entirely depends on whether the South Korean authorities insist on the insignificant "unification under the liberal democratic system" or repeal it, whether they seek the flunkeyist and treacherous "international cooperation system" or give it up and whether they maintain the "NSL", an anti-reunification evil law, or abolish it.

The South Korean authorities must, far from begging for somebody's cooperation for the "resumption of dialogue", settle by themselves the fundamental problems concerning national reunification.

We will keep watch on their attitude, out of our desire for dialogue and reunification.

#### **Dialogue Depends on ROK Attitude**

*SK1605050395 Pyongyang KCNA in English  
0432 GMT 16 May 95*

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The Committee for the Peaceful Reunification of the Fatherland (CPRF) published a statement on Monday in which it clarified the North side's principled position towards the improvement of the North-South relations and the North-South dialogue.

Scathingly rejecting the "theory of unification under the liberal democratic system" pursued by the South Korean authorities as a theory of North-South confrontation, permanent division and war, the statement says:

If the South Korean chief executive is willing to have dialogue with us, he should withdraw the theory by himself. Otherwise he should have no dream of dialogue with the North.

As long as the South Korean authorities regard the destiny of the nation as a plaything for outside forces and seek an "international cooperation system" intended



to stifle us in league with them, nobody would accept them as an independent being nor can they be a trustworthy dialogue partner of ours.

They must clearly know that only when they give up the anti-national "international cooperation system" against the North and promote the national cooperation system can the door of dialogue and reconciliation with us be opened.

The "National Security Law [NSL]" is contrary to the idea of dialogue and goes against the stark international reality.

The South Korean authorities must abrogate the "NSL" before anything else if they truly want to be called civilian and wish dialogue and reconciliation.

The prospect of the improvement of relations and dialogue between the North and the South at present entirely depends on whether the South Korean authorities insist on the infeasible "unification under the liberal democratic system" or repeal it, whether they seek the flunkeyist and treacherous "international cooperation system" or give it up and whether they maintain the "NSL", an anti-reunification evil law, or abolish it.

We will keep watch on their attitude, out of our desire for dialogue and reunification.

#### **ROK's Dismissal of Education Minister Viewed**

*SK1605052995 Pyongyang KCNA in English  
0505 GMT 16 May 95*

["Warmaniacs Bringing Ghost of War Back to Life" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The traitor Kim Yong-sam reportedly dismissed his confidant Kim Suk-hui, "minister of education" of South Korea, on May 12.

Kim Suk-hui in her special lecture at the "National Defence College" under the puppet National Defence Ministry branded the South Korean puppet army as "mercenaries" and said that the June 25 war [Korean war] was a fratricidal war and South Korea's involvement in the Vietnamese war was less justified because it took part in it as mercenaries.

As is well known to the world, the June 25 war started by the Syngman Rhee puppet clique at the instigation of the U.S. imperialists was a war of aggression which inflicted enormous damages upon the Korean people and, at the same time, it was a fratricidal war in which the South Korean puppets brought calamities to the fellow countrymen. The Vietnamese war participated in by the South Korean puppet army as mercenaries was also an unjustifiable contracting war in which the Pak

Chong-hui clique murdered a large number of people of other country, impairing the honor of the nation.

Nevertheless, the traitor Kim Yong-sam immediately dismissed the woman "minister", crying that "her remarks are intolerable". This is enough to prove that the traitor Kim Yong-sam is a stooge of imperialism and war servant little different from the traitors Syngman Rhee and Pak Chong-hui who had inflicted damages upon the fellow countrymen and killed people of other country.

In the final analysis, the dismissal of the "education minister" is a product of the serious conflict and discrepancy within the puppet ruling circles and an expression of the uneasiness of the traitor Kim Yong-sam who is isolated and rejected within and without.

The South Korean people will never live in comfort as long as the power is in the hands of the traitor Kim Yong-sam who intends to repeat such a disgraceful history as the start of war against the North and the troop dispatch to the Vietnam war.

The nation will pass a stern punishment upon the traitor Kim Yong-sam who is bringing the war ghost of the preceding dictators back to life.

#### **Kim Yong-sam Remarks on Freedom of Press Decried**

*SK1605101495 Pyongyang KCNA in English  
1007 GMT 16 May 95*

["Ridiculous Utterances Meant To Justify Embargo on Free Speech" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The traitor Kim Yong-sam reportedly "invited" members of the International Press Institute to "Chongwadae" [presidential offices] on May 13 and told them that South Korea "cleared itself of the disgraceful charge of gagging the press."

His utterances are no more than a high-handed rigmarole meant to justify his anti-democratic crimes; the traitor has turned South Korea into a barren land of the press under the "civilian" fascist rule, where elementary freedom of the press is violated.

Kim Yong-sam turned South Korean society into a grave of the press through indiscriminate outrages and suppression of the pressmen calling for an independent, democratic society and never-ceasing search into the press organs and confiscation row. It is ridiculous of him to talk about the "freedom of the press".

It must not go unnoticed that the traitor took issue with our inviolable press.



He let loose utterances about the "situation of the North." This is an insult to the independent, church-based press of the North; it can by no means be pardoned.

The traitor Kim is the expert in the suppression of the press, who has no ground and face to slander the North.

The democratic pressmen of South Korea will not leave the traitor Kim Yong-sam going scot-free, who is ruthlessly violating the freedom of the press.

**Hanchongnyon 18 May Incident 'Struggle' Reported**

*SK1605052795 Pyongyang KCNA in English  
0451 GMT 16 May 95*

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The South Korean Federation of General Student Councils (Hanchongnyon) declared the period from May 15 to 18 as a period of struggle and decided to wage various struggles for a probe into the truth behind the May 18 incident and punishment of its chief culprits on the lapse of 15 years since the Kwangju popular uprising, according to a radio report from Seoul.

The struggle, which started with a hunger strike of some 200 regional representatives affiliated with Hanchongnyon at the Myongdong Cathedral, will include a dispatch of a protesting group to Chongwadae and the residences of traitors Chon Tu-hwan and No Tae-u and a pilgrimage to the cemetery in Mangwoldong where the fallen Kwangju uprisers were buried, the report said.

**China's 15 May Underground Nuclear Test Reported**

*SK1605135395 Pyongyang Korean Central  
Broadcasting Network in Korean  
1200 GMT 16 May 95*

[FBIS Translated Text] According to XINHUA News Agency report, China conducted one underground nuclear test on 15 May.

In this connection, on the same day the spokesman of the Chinese Foreign Ministry issued a press statement. He said that China has consistently taken deterrent measures regarding the nuclear test issue; that China insists on totally prohibiting nuclear weapons and completely abolishing them; and pointed out that it is actively taking part in the talks to conclude a treaty on totally prohibiting nuclear tests.

He said that China had already stated on various occasions that China will stop conducting nuclear tests after the treaty goes into effect. He also said that China strongly urges countries possessing nuclear weapons to conclude a treaty on not using nuclear weapons first

through talks and reach an agreement on not using nuclear weapons and not imposing nuclear threats on countries that do not possess nuclear weapons and denuclearized regions.

**PRC Science Delegation Departs on 13 May**

*SK1605072995 Pyongyang Korean Central  
Broadcasting Network in Korean  
1300 GMT 13 May 95*

[FBIS Translated Text] A Chinese government delegation for scientific and technical cooperation headed by Han Dejian, vice minister of the Chinese State Science and Technology Commission, left Pyongyang on 13 May by plane.

The delegation was seen off at the airport by Kim Ung-ho, vice chairman of the State Science and Technology Commission, and Qiao Zonghuai, Chinese ambassador to our country.

**Laotian Parliamentary Delegation Arrives 12 May**

*SK1205151695 Pyongyang KCNA in English  
1511 GMT 12 May 95*

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — A delegation of the National Assembly of the Lao People's Democratic Republic led by Saman Vignaket, president of the National Assembly, arrived here today for a visit to the Democratic People's Republic of Korea upon the invitation of the Supreme People's Assembly of the DPRK.

It was met at Pyongyang railway station by Chairman of the Supreme People's Assembly Yang Hyong-sop and officials concerned.

**Visits Kim Il-song's Statue**

*SK1305054095 Pyongyang KCNA in English  
0428 GMT 13 May 95*

[FBIS Transcribed Text] Pyongyang, May 13 (KCNA) — The visiting delegation of the National Assembly of the Lao People's Democratic Republic led by Saman Vignaket, president of the National Assembly, on Friday [12 May] laid a floral basket before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and made a bow.

Guardsmen of the Korean People's Army stood before the statue.

Present there were Yang Hyong-sop, chairman of the Supreme People's Assembly, and Lao Ambassador to Korea Ponnem Dalaloi.



**Given Reception by SPA 13 May**

*SK1305052495 Pyongyang KCNA in English  
0434 GMT 13 May 95*

[FBIS Transcribed Text] Pyongyang, May 13 (KCNA) — The DPRK Supreme People's Assembly (SPA) gave a reception at the Mansudae Assembly Hall on Friday [13 May] evening for a delegation of the National Assembly of the Lao People's Democratic Republic led by Saman Vignaket [spelling of name as received], president of the National Assembly, on a visit to Korea.

Speaking at the reception, Chairman of the SPA Yang Hyong-sop said: Under the correct leadership of the Lao People's Revolutionary Party, the Lao people are making great achievements in the endeavours to implement the decisions of the fifth congress of the party and carry out the plan for socio-economic development till the year 2000. We are rejoiced over this as over our own and sincerely wish them greater success in the future.

To strengthen and develop the Korea-Laos friendship will contribute to accelerating the revolution and construction in the two countries and building a new independent and prosperous Asia.

We will in the future, too, make all efforts to develop the friendly and cooperative relations with the Lao people in conformity with the idea of the external policy of independence, peace and friendship as indicated by the great leader Comrade Kim Il-song.

Saman Vignaket in his speech said that though Laos and Korea are far away geographically, their two parties and peoples have long since struggled for the development of their countries, supporting and cooperating with each other. He emphasized that President Kaysone Phomvihane and the great leader of the Korean people Comrade Kim Il-song provided the traditional friendly relations between the two countries.

The Workers' Party, government and people of Korea, he noted, have made great achievements in accomplishing the revolutionary cause started by the great leader Comrade Kim Il-song, smashing the moves of the imperialists and their stooges to stifle the DPRK, under the banner of *chuche*.

The DPRK has made continued efforts for the reunification of the country and peace and security on the Korean peninsula and the regional cooperation, he said.

He expressed the firm belief that Comrade Kim Chong-il will successfully accomplish the revolutionary cause pioneered by President Kim Il-song by wisely leading the Korean people.

**Lao People's Party Delegation Arrives 13 May**

*SK1305151795 Pyongyang KCNA in English  
1505 GMT 13 May 95*

[FBIS Transcribed Text] Pyongyang, May 13 (KCNA) — A delegation of the Lao People's Revolutionary Party headed by Davon Vongsak, acting chairman of the Organization Committee of the Central Committee of the party, arrived in Pyongyang today.

The delegation was greeted at the airport by Kim Yang-kon, vice-director of a Department of the Central Committee of the Workers' Party of Korea, and other officials concerned.

**Brings Gift for Kim Chong-il**

*SK1405110895 Pyongyang KCNA in English  
0840 GMT 14 May 95*

[FBIS Transcribed Text] Pyongyang, May 14 (KCNA) — The great leader Comrade Kim Chong-il received a gift from the delegation of the National Assembly of the Lao People's Democratic Republic.

The gift was handed to chairman of the Supreme People's Assembly Yang Hyong-sop by president of the National Assembly Saman Vignaket who is leading the delegation.

**Talks With WPK Delegation**

*SK1505045695 Pyongyang KCNA in English  
0440 GMT 15 May 95*

[FBIS Transcribed Text] Pyongyang, May 15 (KCNA) — Talks were held between the delegations of the Workers' Party of Korea (WPK) and the Lao People's Revolutionary Party (LPRP) here on Sunday [14 May].

Present there on the Korean side were Kim Yang-gon, vice-director of a department of the WPK Central Committee, and other officials concerned and, on the opposite side was the delegation led by Davon Vongsak, acting chairman of the Organization Committee of the LPRP Central Committee.

At the talks the two sides informed each other of the activities of their parties and discussed a series of matters of common concern including the issue of developing the friendly and cooperative relations between the two parties and countries.

The talks proceeded in a comradely and friendly atmosphere.



**Visits Statue of Kim Il-song**

*SK1505045995 Pyongyang KCNA in English  
0450 GMT 15 May 95*

[FBIS Transcribed Text] Pyongyang, May 15 (KCNA) — A delegation of the Lao People's Revolutionary Party headed by Davon Vongsak, acting chairman of the Organization Committee of the Central Committee of the party, called at the statue of the great leader President Kim Il-song on Mansu Hill to lay a floral basket and make a bow, on Sunday [14 May].

Letters "The great leader Comrade Kim Il-song will be immortal" were written on the ribbon hanging from the floral basket.

Noting that the Lao people as well as the Korean people hold respected President Kim Il-song in high esteem, Davon Vongsak said his idea and cause would be realised without fail.

**Cuban Young Communist League Delegation Departs**

*SK1605074995 Pyongyang Korean Central  
Broadcasting Network in Korean  
1300 GMT 13 May 95*

[FBIS Translated Text] On 13 May, a delegation of the Cuban Young Communist League [UJC] headed by Victoria Velazquez Lopez, first secretary of the National Committee of the UJC left Pyongyang by plane. The delegation was seen off at the airport by Choe Yong-hae, chairman of the Central Committee of the League of Socialist Working Youth of Korea, and Jose Ramon Rodriguez Varona, Cuban ambassador to our country.

**Gathering Marks Cuban Hero's Death Anniversary**

*SK1605053095 Pyongyang KCNA in English  
0449 GMT 16 May 95*

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — A friendship gathering was held here on Monday to mark the centenary of the death of Jose Marti, a national hero of the Cuban people.

Cuban ambassador to Korea Jose Ramon Rodriguez Varona and his embassy officials were invited to the gathering.

Present there were officials concerned and teachers and students of the University of International Affairs.

The participants saw a Cuban documentary film and exchanged conversations in a friendly atmosphere.

**Pakistani-Korean Workers Association Formed**

*SK1605103695 Pyongyang KCNA in English  
1003 GMT 16 May 95*

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The Pakistan-Korea Workers and Peasants Friendship Association was formed on May 8 in Lahore. Haji Mohammad Saeed, general secretary of the labour union of Pakistan, and the Korean ambassador to Pakistan made congratulatory speeches and others spoke at the inaugural meeting.

The chairman of the friendship association who was elected in the meeting said in his speech that the excellent friendly and cooperative relations between Pakistan and Korea were provided by his excellency the great leader President Kim Il-song and His Excellency Zulfikar Ali Bhutto, former prime minister of Pakistan, and today these relations are further strengthening and developing in various domains thanks to His Excellency Kim Chong-il, the supreme leader of the Korean people, and Her Excellency Benazir Bhutto.

"For further developing the friendly and cooperative relations between the two countries," he said, "we organize and proclaim the Pakistan-Korea Workers and Peasants Friendship Association with the members of the labour union the vanguard organisation of Pakistan, and its ally the peasants organization today, on the lapse of 10 months since his excellency the great leader President Kim Il-song passed away."

**Minister Sends Greetings to Malaysian Counterpart**

*SK1205114995 Pyongyang KCNA in English  
1104 GMT 12 May 95*

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — Foreign Minister Kim Yong-nam sent a message of greetings to Datuk Haji Abdullah bin Haji Ahmad Badawi on his reappointment as the minister of foreign affairs of Malaysia.

Expressing the belief that the friendly and cooperative relations between the two countries will favourably develop, the message wished him greater success in his work.

**Vice Premier Choe Yong-nim Meets Nepalese Guests**

*SK1205121295 Pyongyang KCNA in English  
1051 GMT 12 May 95*

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — Vice-premier Choe Yong-nim met and had a friendly conversation with Narayan Prasad Bhattarai [name as received], secretary of the office of the Nepalese prime



minister, and his party at the Mansudae Assembly Hall today.

The secretary of the office of the Nepalese prime minister said that during the visit he has seen at first hand great achievements made by the Korean people in revolution and construction on the basis of the *chuche* idea founded by the great leader Comrade Kim Il-sung.

The *chuche* idea is a great idea inspiring the people with fresh strength, confidence in victory and courage, he said, wishing the Korean people greater success in the future under the wise guidance of the great leader Comrade Kim Chong-il.

#### **Kim Chong-il Extends Thanks to Army, People**

*SK1605054195 Pyongyang KCNA in English  
0508 GMT 16 May 95*

[FBIS Transcribed Text] Pyongyang, May 16 (KCNA) — The great leader Comrade Kim Chong-il extended thanks to the Ministry of the Chemical Industry, the Pyongyang Hose Factory, the Korean Scriptwriting Company, Pak Son-hyang, librarian of the Moranbong district, Pyongyang, library, and Choe Sun-im, an instructor of the Kinmaul-tong No. 1 office in Moranbong district, Pyongyang and her family and other units, officials and working people for displaying traits of traditional army-people unity.

He also sent thanks to soldiers of the Yi Pyong-yong unit and Han Sa-hun unit of the Korean People's Security Forces (KPSF) and Kim Ik-hwan, a political officer of the Hyon Chang-kil unit of the KPSF, and his wife who showed noble virtues of the Revolutionary Army.

#### **Power Stations Supply 'Sufficient' Electricity**

*SK1605015995 Pyongyang Korean Central  
Broadcasting Network in Korean  
1200 GMT 15 May 95*

[FBIS Translated Text] The Yongji Power Station in Pangyo County is satisfactorily carrying out the production of electric power.

Realizing that the preservation of water is an important factor to increase reserves for electric power production, the electricity producers in this plant built higher dams more firmly, and did not lose even a drop of flowing water.

The electricity power producers in the plant resolved the necessary reserve parts by themselves with the revolutionary spirit of self-reliance, and thus ensured the operation of electric generators at full capacity.

By doing this, they are supplying sufficient electric power to local industrial plants in the county.

#### **Changjagang Power Station Increases Production**

*SK1605121295 Pyongyang Korean Central  
Broadcasting Network in Korean  
2100 GMT 15 May 95*

[FBIS Translated Text] According to a report by station reporter Choe Un, with the spirit of having overfulfilled the April electricity production target, party members and workers of the Changjagang power station are continuing to maintain a high and steady rate of electricity production by highly upholding the party Central Committee's slogan on welcoming the 50th anniversary of the party founding with high political enthusiasm and brilliant labor results.

Under the impregnable faith that what the party decides we will do, electricity producers of the electric power generation work site are thoroughly guaranteeing a high level and a highly efficient operation and are concentrating strength on facility management and technology management to provide full operation and full capacity in all electric generators. By doing so, innovations of overfulfilling the daily electricity production target by 105 to 110 percent are being carried out. Fighters of the repair work site and maintenance work site are all the more firmly reinforcing the hydrotechnical construction and are firmly giving priority to the production of spare parts by highly manifesting the revolutionary spirit of self-reliance and fortitude, thus actively contributing to maintaining a high and steady rate of electricity production.

#### **Geological Survey Teams' 'High Results' Reported**

*SK1605105695 Pyongyang Korean Central  
Broadcasting Network in Korean  
2200 GMT 14 May 95*

[FBIS Translated Text] Members of the geological survey teams in each region affiliated with the Natural Resources Development Ministry, who are warmly embracing the party Central Committee slogan on the occasion of the 50th anniversary of the Workers Party of Korea and welcoming the geological survey day, are achieving high results in survey work, just like the industrial workers increasing the fatherland's assets.

On May 1991, the great leader [yongdoja] Comrade Kim Chong-il published the classic work, "Let Us Bring About a New Turning Point in the Geological Survey Work." Since then for the past four years, seven kinds of mineral resources were newly discovered and some 150 large-scale and small- and medium-sized proposed



sites for developing coal mines and mine fields were provided in the geological survey sector.

Members of the geological survey teams in each region are concentrating strength in surveys of important targets that have important significance in socialist economic building by firmly standing from a chuche position, thus they are finding new resources, are confirming their reserves, and have provided many proposed sites for development.

**Book on History of Kaya, Ancient Korean State**

SK1205115395 *Pyongyang KCNA in English*  
1019 GMT 12 May 95

[FBIS Transcribed Text] Pyongyang, May 12 (KCNA) — Kaya existed in the first period of the feudal era of Korea together with Koguryo, Paekje and Silla.

It remained a powerful state for about 600 years after it made its appearance as an alliance of feudal states by merging six small states which had been formed before the middle of the first century A.D.

Materials related to the history of Kaya were lost after it was ruined. This provided an opportunity for venal historians of Japan to completely distort the history of Kaya. As yet, not a small number of Japanese people consider the history of Kaya to be a "history of Imna", part of the Japanese history.

The reactionary theory of "Japanese Government in Imna" framed up by historians on the payroll of the Japanese imperialists was used to justify their colonial rule over Korea from a historical point of view.

As has been known, however, the 1,000-odd-year history of relations between Korea and Japan in the ancient period shows that Koreans made their way into the Japanese islands and brought a civilisation to Japan.

The book "Study of Kaya History" brought out recently by the Social Science Publishing House of Korea explains the history of Kaya in a comprehensive and systematic way.

Dr. Cho Hui-song of the History Institute wrote the book after making prudent examination of Kaya on the basis of historical materials.

The book consists of the preface, two parts and an appendix.

It also contains color photographs in its 48 pages and a wealth of illustrations in a hundred and scores of sheets.

In the first part on the history of the state of Kaya, the author introduced the establishment of the state of Kaya, its political system and territory and six small states of Kaya and its ruin. Also written in the part are

the nomenclature of Kaya and its origin, the different territories of Kaya in different periods, location of each of the six small states of Kaya and the level of their development.

The second part of the book deals with the course of the advance of Kaya people into Japanese islands. It cites concrete historical materials to prove that the Kaya people played a positive role in the development of history and culture of Japan.

The advance of Kaya people into the Japanese islands and their settlements were proved, citing names of places, ancient documents and archaeological specimens.

The book has an additional chapter titled "Formation of Small States Related to Kaya". In the chapter, the author comprehensively systematized historical materials to explain where Kaya people had their small states in the Japanese islands and how their rise and fall were made.

The book also laid bare the true color of the "Japanese Government in Imna" fabricated by the venal historians of the Japanese imperialists.

The author wrote that Imna of the "Japanese Government in Imna" dealt with in the book "Nihonshoki" was not Kaya of Korea but a provisional administrative organ of the Yamato regime installed in a small state of Kaya which existed in the Kibi area in western Japan.

The book is added by the appendix titled "Ordeals of the History of Kaya and Reactionary Theory 'Japanese Government in Imna' Fabricated by the Japanese Imperialists."

The book "Study of Kaya History" gives answers to many problems of the virgin field in the history of Korea, which has been fabricated for a long period.

**South Korea**

**Joint Inter-Korean Rallies at Panmunjom Banned**

SK1605093495 *Seoul YONHAP in English*  
0927 GMT 16 May 95

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — The government has decided to ban any joint inter-Korean rallies at the truce village of Panmunjom that might take place on the occasion of the 50th anniversary on August 15 of the nation's liberation from the Japanese colonial rule.

In connection with the inter-Korean exchange in religious and social fields, the government will prohibit any nationwide outdoor and politically-oriented rallies commemorating the anniversary and calling for national unification.



The government has also decided to permit North Korean visits by South Korean private organizations only when no political purposes are pursued, and when the visits are considered to contribute to improving inter-Korean relations.

These are the gists of criteria for permitting private events regarding the national unification and exchanges with the North, adopted Tuesday at a meeting of the unification-related ministers' conference presided over by Deputy Prime Minister Na Ung-pae, Vice National Unification Minister Song Yong-tae said.

The ministers also decided to set up a task force under the unification-related ministers' conference for the purpose of working out measures for helping guarantee the human rights of North Koreans and improve the quality of their life.

There have been moves to hold joint inter-Korean events at Panmunjom to commemorate the anniversary of the nation's liberation and promote reunification as well as to push ahead with exchanges with the North.

"The new criteria have been devised to prevent imprudent unification debates and competitive exchanges with the North and promote them in a direction conducive toward improved inter-Korean relations, reconciliation and cooperation," Song said.

Song said that a joint rally in Panmunjom, if held, might give rise to unintended accidents and provide the North with an excuse to demand a meeting with the United States and give aid to the North's scheme to nullify the Korean Armistice Agreement.

Politically-oriented and outdoor rallies are feared to result in demands for the repeal of the National Security Law and the conclusion of a peace treaty, both advocated by the North, Song added.

#### **Unification-Related Ministers' Meeting Convened**

*SK1605063395 Seoul KBS-1 Radio Network in Korean 1315 GMT 16 May 95*

[By reporter Yi Kang-hun]

[FBIS Translated Text] A unification-related ministers' meeting was convened today for the first time since the inauguration of Na Ung-pae as deputy prime minister and minister of the National Unification Board. The meeting broadly discussed the light-water reactor issue, various religious and cultural organizations' contacts with North Korea, and South-North economic cooperation.

In particular, regarding religious organizations' contact with North Korea at Panmunjom, which is a point of dispute, the government decided to soon prepare a guide-

line for allowing personnel exchanges with North Korea and for promoting reunification events, anticipating that the demand for civilian-level personnel exchanges will increase this year, on the 50th anniversary of the national liberation.

According to the government's guideline for allowing South-North personnel exchanges, the government will gradually promote, on a case by case basis, social and cultural exchanges and cooperation that will help improve South-North relations, but will ask organizations to curb inappropriate moves for reunification and personnel exchanges because they may cause social disorder and adverse effects.

Regarding the supply of light-water reactors to North Korea, the government reconfirmed its basic position that ROK-type reactors should be provided to North Korea and that the ROK should play a central role in this project. To this end, the government has decided to maintain close cooperation with the United States and Japan and actively persuade North Korea to change its attitude.

#### **Ministry Gets Clarification on U.S.-North Talks**

*SK1605121495 Seoul YONHAP in English 1141 GMT 16 May 95*

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — U.S. State Department spokesman Nick Burns' remarks on Monday that gave the impression that the coming Kuala Lumpur U.S.-North Korea talks may discuss the issues of peace agreement and military contacts between the United States and North Korea, were described by the State Department Tuesday as a "simple mistake," according to the Foreign Ministry.

Asked during his regular press briefing if the Kuala Lumpur talks would take up the issues of peace agreement and U.S.-North Korea military contacts, Burns replied that U.S. Deputy Assistant Secretary of State Tom Hubbard may have opportunities to discuss issues other than those related to the U.S.-North Korea agreement.

"The U.S. State Department explained to us that Mr. Burns' remarks did not represent the position of the United States," Yu Kwang-sok, Foreign Ministry spokesman, said.

In the clarification, the U.S. State Department said Washington would never discuss the question of bilateral peace agreement with North Korea inasmuch as the issue of peace on the Korean peninsula is a question that has to be resolved between the two Koreas.

It also emphasized that Washington's position is that the existing Military Armistice Commission in Korea is



the proper channel for military contacts, spokesman Yu added.

**Prospects of U.S.-North Talks in Malaysia Viewed**  
*SK1605091595 Seoul CHUNGANG ILBO in Korean*  
16 May 95 p 3

[Report by Kim Song-chin: "Prospect of DPRK-U.S. Semi-High- Level Talks"]

[FBIS Translated Text] DPRK-U.S. semi-high-level talks will be held in Kuala Lumpur, the capital of Malaysia, beginning 19 May. The talks will be held one month after the breakdown of the light-water reactor experts talks.

After the Berlin talks, the U.S. side proposed high-level talks between Kang Sok-chu, North Korea's first vice foreign minister, and Robert Gallucci, U.S. nuclear ambassador. North Korea accepted the proposal in principle, however, it insisted that the talks be held in Pyongyang. Its purpose was to exclude the ROK and to maximize its propaganda effect.

Both the ROK and the United States turned down the North Korean proposal. Instead, they proposed holding the talks in Beijing, which is close to North Korea and where the two countries have embassies.

North Korea opposed the proposal because it believes a considerable amount of information from the first round of light- water reactor experts talks held in Beijing last November was leaked to China. In addition, it is likely that North Korea is concerned about the possibility that China might interfere in the talks.

North Korea proposed that one level lower talks be held and entrusted the U.S. side with the issue of designating the venue.

The U.S. side proposed Kuala Lumpur, where both sides have embassies. In addition, the U.S. side considered the fact that Thomas Hubbard, U.S. deputy assistant secretary of state for Asian- Pacific affairs and head of the U.S. delegation to the talks, served in Malaysia as U.S. charge d'affaires.

It is the dominant view that the agenda for the upcoming talks will be focused on a midpoint examination of the Geneva agreement. This view is held because, first, the two sides apparently discussed this issue during the series of DPRK-U.S. contacts for semi-high- level talks; and second, the senior delegates of both sides to the upcoming talks worked as deputy senior delegates during the realization of the Geneva agreement. Kim Kye-kwan, senior North Korean delegate, who is vice foreign minister for U.S. affairs, is widely known to the officials in the U.S. State Department.

Therefore, the two sides will likely discuss the type of light- water reactors, which is the main issue of the talks; establishment of DPRK-U.S. liaison offices; assistance to North Korea, including the provision of heavy oil; and North-South dialogue.

However, the prospect of the upcoming talks still remains uncertain because North Korea's position has not changed at all. In a Pyongyang radio broadcast on 13 May, North Korea pointed out that "if the United States insists on its existing position, nothing can be expected from the talks."

This is a threat that unless the U.S. attitude of opposing exclusion of the ROK is changed, results cannot be expected.

The fact that the nature of the talks has not been clearly defined is also an issue. North Korea defined the upcoming talks as "political talks," which implies negotiations through a political package settlement.

Therefore, there is a possibility that North Korea will link the Geneva agreement, including designation of the reactor model, with the issue of signing a peace agreement.

Meanwhile, both the ROK and the United States define the upcoming talks as "high-level working consultations [kowi silmu hyobui]." The basis for the definition is that the upcoming talks are not "high-level talks" as much as they are talks to discuss issues of political negotiations.

The tug-of-war surrounding the holding of DPRK-U.S. talks clearly foretells that the upcoming negotiations between the two sides will have the quality of a protracted fight.

**U.S. Intelligence Official on Fuel Rod Transfer**

*SK1605012895 Seoul KBS-1 Radio Network*  
in Korean 0105 GMT 16 May 95

[YONHAP from New York]

[FBIS Translated Text] It has been learned that North Korea is going to move nuclear fuel rods from cool water tanks to sealed containers, and U.S. civilian technicians will soon visit Pyongyang to assist in this process.

Quoting a U.S. intelligence official's remarks, a New York source reported today that technicians from U.S. private enterprises, including (Santek Long Beach), will visit North Korea early next month.

This source said that the U.S. Government will bear the expense of \$10 million needed for the transfer of the nuclear fuel rods, which will take about six months to complete.



**Dailies Comment on U.S.-Japan Trade Dispute**  
*SK1605073195*

[FBIS Editorial Report] The following is a compilation of editorials and an article carried in 16 May vernacular Korean newspapers on the U.S.-Japan trade dispute over automobiles.

The conservative CHOSON ILBO carries on page 3 a 700-word editorial on U.S.-Japan negotiations over automobile trade under the title "Automobile War."

Reporting on the background of the rupture in U.S.-Japan negotiations on the automobile trade and the U.S. plan to take the retaliatory measure of imposing heavy tariffs on Japanese-made cars, the editorial stresses that this is the first U.S. retaliatory measure against Japan following the establishment of the new World Trade Organization [WTO]. The editorial points out the effect such a retaliatory measure will have in the the new world trade order, and says, "It is quite unusual for the United States, one of the leading countries in founding the WTO, to directly take a retaliatory measure through its domestic trade law while foregoing the resolution of the problem through the newly established multilateral organ called WTO." The editorial then urges the United States to withdraw its retaliatory plan against Japan and stresses the need to solve the problem first through bilateral negotiations, and in the event that they fail, through the WTO. The editorial concludes by stressing the need to keenly watch the results of the dispute.

The moderate KYONGHYANG SINMUN carries a 700-word editorial on the U.S.-Japan dispute under the title of "Lesson From the U.S.- Japan Trade Negotiations."

The editorial begins by saying that the trade dispute between the two countries suggests many things that we should not overlook. The editorial says that if the United States resorts to taking bilateral retaliatory measures against Japan with Article 301, it will not be able to escape international criticism and, at the same time, the newly founded WTO will become powerless from the start.

The editorial also notes that the trade war between the two giant countries will bring about a great disaster in the world's economy. Noting that, under the present circumstances, the newly founded WTO is incapable of mediating in the dispute, the editorial predicts that the dispute will probably be resolved at the G-7 summit talks slated for June.

Noting Japan's efforts to counter the U.S. retaliatory measures in detail, the editorial stresses that we should learn something from this. The editorial also notes the U.S. trade deficit with Japan and the political

background surrounding the U.S. hardline measures against Japan.

The editorial concludes by stressing that in order to solve the protracted U.S.-Japan trade dispute, it is imperative for the United States to enhance productivity and savings and for Japan to improve its closed market structure and to open-up to suit its position in the world's economy. Finally, the editorial stresses that as far as our country is concerned, the U.S.-Japan dispute is by no means a fire across the river.

**Government Regrets PRC Underground Nuclear Test**

*SK1505113295 Seoul YONHAP in English*  
*1125 GMT 15 May 95*

[FBIS Transcribed Text] Seoul, May 15 (YONHAP) — The South Korean Government expressed regret over the underground nuclear test conducted by China on Monday.

"It is highly regrettable that China again conducted an underground nuclear test Monday," Foreign Ministry spokesman Yu Kwang-sok said in a comment.

He said the test was made despite the fact that other nuclear countries refrain from making nuclear tests and that the indefinite extension of the Nuclear Nonproliferation Treaty (NPT) was agreed on last Thursday.

"Our government urges all nuclear countries to stop making nuclear tests, strive to resolve early a comprehensive nuclear test prohibition treaty, and make an exemplary role in the efforts to prevent nuclear proliferation and attain nuclear disarmament," the spokesman said.

**Kazakhstani Mission in Seoul Promoted to Embassy**

*SK1605075295 Seoul YONHAP in English*  
*0636 GMT 16 May 95*

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — The diplomatic mission of Kazakhstan in South Korea was promoted to an embassy effective Monday (May 15) on the occasion of Kazakhstan President Nursultan Nazarbayev's state visit to South Korea, the Foreign Ministry said Tuesday.

Kazakhstan is the 89th country to open an embassy in South Korea.

South Korea opened an embassy in the Central Asian country in July, 1993.



**Kim Yong-sam, Kazakhstani President Hold Summit**

*SK1605081795 Seoul YONHAP in English  
0727 GMT 16 May 95*

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — President Kim Yong-sam and Kazakh President Nursultan Abishevich Nazarbayev held a summit meeting at the presidential office of Chongwadae Tuesday morning and agreed to reinforce the existing friendship and promote cooperation between the two countries.

A ten-point joint communique issued following the summit talks said that the two presidents "agreed to strengthen the existing friendly relations and to promote cooperation, in such areas as trade, investment, cultural and educational exchanges, between the two countries."

While two cooperation agreements, one in science and technology and another in culture, were signed by the foreign ministers, the two heads of state agreed to make every effort to conclude agreements concerning issues such as double taxation avoidance, investment protection and other necessary agreements as soon as possible.

The two presidents shared the view that the nuclear nonproliferation policy held by the two countries will enhance peace not only on a regional but also global level. In this sense, President Kim evaluated Kazakh's efforts to maintain the nuclear nonproliferation regime, while President Nazarbayev "expressed firm support for the realization of the denuclearization of the Korean peninsula as agreed between South and North Korea in 1992."

President Nazarbayev expressed his country's support for South Korea's bid to become a non-permanent member of the United Nations Security Council for the 1996-97 term, praising highly Seoul's firm commitment to world peace and security and active participation in UN activities.

President Kim expressed his deep gratitude for the Kazakh people's humanitarian aid that it extended to ethnic Koreans residing in the central Asian country. Most of the 110,000 ethnic Koreans living in Kazakh were relocated there from the Russian Far East during Stalin's reign in the former Soviet Union.

The two presidents also signed a nine-point "Declaration of General Principles on Relation and Cooperation," affirming joint efforts to strengthen the bilateral friendship and increased cooperation between the two nations and for the establishment of a new international order based on peace and common prosperity.

The nine-point declaration calls for developing extensive cooperation in industry, investment, trade, exploration of natural resources, science, technology, agriculture and transportation. To this end, the declaration said that the two countries "will especially encourage and facilitate close cooperation between their business communities, placing a high priority on developing a legal and financial climate attractive to private investment and conducive to open trade relations."

Also called for in the declaration is the wide-ranging cooperation of the two countries in the fields of culture, arts, education, mass media, sports and tourism.

Prior to the summit meeting, President Nazarbayev attended a formal welcoming ceremony at Chongwadae. At noon the president attended a luncheon hosted by the leaders of several South Korean business organizations. The Kazakh leader was also scheduled to tour the Dae-woo Motor Co.'s Pupyong automobile factory Tuesday afternoon.

President Nazarbayev, who arrived in Seoul Monday for a four-day visit, will attend a state dinner President Kim will host at Chongwadae Tuesday evening.

Nazarbayev is the first Kazakh head of state to visit South Korea since Seoul and Almaty set up diplomatic ties in 1992.

**Finance, Economy Ministry Report Foreign Debts**

*SK1605033895 Seoul YONHAP in English  
0112 GMT 16 May 95*

[FBIS Transcribed Text] Seoul, May 16 (YONHAP) — South Korea's foreign debts are estimated to reach 74 billion U.S. dollars by the end of the year.

According to a Finance and Economy Ministry report entitled "Prospects for the Nation's Foreign Debts This Year," released Tuesday, South Korea's overseas liabilities are anticipated to reach 74 billion U.S. dollars by the end of this year, up 17.1 billion dollars, or 30.1 percent, over last year's total of 56.9 billion U.S. dollars.

South Korea's foreign debts sharply declined to 31.7 billion U.S. dollars at the end of 1990 from 46.8 billion dollars at the end of 1985. But they again rose to the 43.9 billion dollar mark at the end of 1993 and to 51 billion dollars at the end of September 1994.

The sharp rise in the country's external debt is attributed to expanded current account deficits arising from a faster rate of increase in imports than that in exports in response to a substantial gain in demand for capital and consumer goods on the strength of the country's continued economic boom. Another contributing factor



is the boosted foreign exchange borrowings by financial institutions and enterprises.

The aggrandizement of South Korea's economic scale also indirectly contributes to the country's increasing foreign debts.

The finance and economy ministry report, however, points out that the nation's net foreign debts, when its overseas assets are deducted from the debt figure, stands merely at 10.3 billion U.S. dollars, or 2.7 percent of its gross national product (GNP) of 376.9 billion dollars as registered at the end of last year. In terms of South Korea's foreign debt servicing capability, the foreign debts won't be so great a burden, the report says.

South Korea's foreign debt servicing ratio stands at 6.2 percent, compared with Argentina's 47.6 percent, Mexico's 32.7 percent, China's 29.2 percent and Brazil's 24.4 percent.

A ministry official said, "it is true that South Korea's foreign debt servicing ratio is very low. But that its foreign debts are rising is not desirable in terms of economic stability and popular sentiments.

"Therefore, the government will do its best to improve the balance of current accounts by encouraging the capital goods industry," the official said. "On the other hand, the foreign exchange loan system will be modified in order to reduce the ratio of short-term foreign debts against total foreign liabilities."

#### **New Asia-Pacific Satellite Communications Council**

*SK1605041695 Seoul THE KOREA HERALD  
in English 16 May 95 p 7*

[FBIS Transcribed Text] The Asia-Pacific Satellite Communications Council (APSCC) was officially launched with a signboard-hanging ceremony in Seoul yesterday.

The APSCC is an international consultation body on satellite-based communications and broadcasting services.

Representatives from 32 countries and 14 satellite-broadcasting service companies in the Asia-Pacific region met in Seoul last October to discuss the establishment of the APSCC.

The APSCC, a nonprofit organization, is aimed at boosting cooperation among the member countries and companies in the fields of satellite communications and broadcasting.

The council is particularly meaningful in that it is the first international organization to be spearheaded and hosted by South Korea.

"The APSCC is expected to play a leading role in coordinating satellite-communications policies and accelerating technological exchanges in the Asia-Pacific area, where demand for satellite broadcasting and communications is rapidly increasing," said Chong Son-chong, chairman of the APSCC.

Chong, 52, director of the Taejon-based Electronics and Telecommunications Research Institute's satellite communications research division, was elected as the first APSCC chairman last October.

Satellite communications is considered as the most idealistic option for the Asia-Pacific region, whose unique geographical conditions obstruct the installation of reliable wire communications systems.

"Therefore, competition has heated up in the region lately to grab a bigger share of satellite orbit and frequency resources," said Chong.

"Under the circumstances, an international consultation body is inevitable to avert possible international feud surrounding satellite communications and broadcasting," he said.

"APSCC plans to maintain a close relation with the United Nations and the International Telecommunications Union (ITU)," he said.

An APSCC official say that about 200 more telecom companies are expected to join the APSCC.

Meanwhile, industry analysts say that the APSCC will pave the way for Korean telecom companies to advance into the Asia-Pacific region's satellite communications markets in the future.

#### **Kim Tae-chung Activities Support DP Candidates**

*SK1605081195 Seoul TONG-A ILBO in Korean  
16 May 95 p 2*

[FBIS Translated Text] Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, is planning visits to the North and South Cholla Provincial area and the Seoul metropolitan area which includes Kyonggi Province and Inchon, thereby embarking upon activities to indirectly support the candidates of the Democratic Party [DP] in the upcoming elections of the local autonomous governments.

To this end, Chairman Kim will visit Yosu, Mokpo, Kwangju, Chonju, and Kunsan at the invitation of universities and social and religious organizations in the area in the beginning of June. And, again around mid-June, he will give lectures as a guest speaker in Seoul, Inchon, Puchon, and Songnam.



On 15 May, one official affiliated with the DP's Tonggyo-tong faction [the faction supporting Kim Tae-chung which was named after the area in Seoul where he resides] said: "Chairman Kim's visits to the North and South Cholla Provincial area and the Seoul metropolitan area strongly take on the nature of indirectly supporting DP candidates for the elections for the upcoming local autonomous government. Such planned visits by Chairman Kim reflect the fact that he is greatly interested in the upcoming elections."

Chairman Kim will visit the North and South Cholla Provincial area, such as Kwangju, Mokpo, and Yosu, for the first time ever since the last presidential election was held in 1992. Meanwhile, a controversy in political circles over Chairman Kim's support for to the DP candidates is expected to surface.

#### **Poll Conducted on Seoul Mayoral Election**

SK1305144295 Seoul CHOSON ILBO in Korean  
13 May 95 p 3

[By reporters Sim Yang-sop and Kim Yon-kwang]

[FBIS Translated Excerpt] CHOSON ILBO and the Korea Gallop Research Institute conducted a poll jointly on the local elections slated for June. According to the poll, 42.8 percent of eligible voters in Seoul consider "personality" as the most important factor that influences them in voting for the Seoul mayor; 22.9 percent consider "career," 15.2 percent consider "commissions," 8.8 percent consider "regionalism," and 6.3 percent consider "political party" as the most important factor.

To a question asking "which party's candidate they would vote for if they are to select one merely by party," 24.1 percent of the respondents named the Democratic Liberal Party [DLP], 23.1 percent named the Democratic Party [DP], and 14.5 percent answered they would vote for an independent candidate. [passage omitted]

Questioned "whether they think the result of the forthcoming elections can be regarded as an interim assessment of the Kim Yong-sam government," the greatest part of 44.0 percent answered "Yes," 32.3 percent said "No," and 23.7 percent said they "do not know what to say." [passage omitted]

Meanwhile, the poll shows that the DLP candidate Chong Won-sik, the DP candidate Cho Sun, and Pak Chan-chong, an independent one, are generally beloved by different age groups. Many (23.5 percent) of those respondents in their fifties like Chong, many (27.6 percent) of those in their thirties like Cho, and many (43 percent) of those in their twenties like Pak. On the other hand, only 10.7 percent of the respondents who

are in their twenties support Chong, and 11.7 percent and 15.9 percent of those in their fifties support Cho and Pak, respectively. [passage omitted]

Regarding the reason one supports a certain candidate, an overwhelming number (64.8 percent) of those respondents who support Pak pointed out Pak's "personality and freshness;" 40.4 percent and 37 percent of Chong's supporters pointed out his "career" and "personality and freshness" respectively; and 34 percent and 33 percent of Cho's supporters pointed out his "career" and "personality and freshness" respectively. Meanwhile, 19.2 percent of those respondents who support Cho pointed out the "party he belongs to" as the reason they support him, 9.9 percent of those respondents who support Chong said they support him because they like the "party he belongs to," and only 2.1 percent of those respondents who support Pak said they support him because they like the "party he belongs to."

#### **Cholla Provinces Voter Mood Change Reported**

SK1505054795 Seoul YONHAP in English  
0506 GMT 15 May 95

[FBIS Transcribed Text] Kwangju, Chonju, May 15 (YONHAP) — With the June 27 local elections approaching, there are signs that the political atmosphere and sentiments are changing among the voters in Cholla Provinces.

These changes may not be conspicuous at the moment, but the residents in these southwestern provinces are apparently relinquishing their time-old "tradition" of overwhelmingly and unconditionally supporting opposition parties.

Local residents here say that an increasing number of citizens who used to be strong supporters of former opposition leader Kim Tae-chung and his opposition party, are now beginning to show "leniency" to those who join the ruling party.

For example, some 1,200 residents who will move into the apartments in Kwangju, now under construction by Mudung Construction Co., joined the ruling Democratic Liberal Party (DLP) en masse. The apartment's construction firm is currently having financial difficulties as its holding company, the Toksan Business Group, has become insolvent recently.

Early this month, 75 school bus drivers in Kwangju and 300 officials and employees of subcontractors of Mudung Construction Co. were also admitted to the government party.

Former council chairman of Wando-kun (County) in South Cholla Province bolted from the opposition



Democratic Party (DP) late last month and collectively entered the DLP along with scores of his colleagues.

Officials at the DLP chapter in Kwangju received 2,500 more applicants wishing to become ruling party members since the collective joining into the party by residents who will reside in the Mudung apartments.

However, many locals here say that their collective joining into the ruling party is aimed at solving their problems by relying upon the government party's "premium."

Many people in this province seem to be more generous to those who join the ruling party than in the past when ruling party members in the province were often treated as "political traitors."

The changing of local sentiments here was also noticed at the DLP conventions held last week in Kwangju and Suncheon where the party nominated the candidates running for the posts of Kwangju mayor and South Cholla Provincial governor.

The DLP rallies proceeded with a festive mood with large numbers of members packing the large indoor gymnasiums both cities.

Another noticeable sign is that a university professor supported by Kim Tae-chung was defeated by Rep. Ho Kyong-man in the open contest selecting a DP candidate to run for the gubernatorial post of South Cholla Province.

A businessperson in Chonju asserted that the "regional hegemony" that has ruled this province for many years by specific groups and politicians must disappear once and for all.

"Voters must be reasonable and cool-headed enough to elect a truly good person, regardless of their political color or what party they belong to," he emphasized.

Nevertheless, any expectation for the sweeping change in the atmosphere of local elections is still premature as most middle and lower class voters are clinging to the old political pattern of a regional hegemony monopolized by certain political groups.

#### **University Professor Charged With Espionage**

SK1605034995 Seoul HANGUK ILBO in Korean  
16 May 95 p 35

[By reporter Kim Sung-il]

[FBIS Translated Text] On 15 May, the Agency for National Security Planning [NSP] and the Seoul regional Police agency sent Pak Chang-hui, 63, professor of history at Hanguk University of Foreign Studies, who was arrested on 27 April on charges of violating the National

Security Law, to a prosecutor's office on an additional charge of having carried out espionage activities, while discovering that he had become a member of North Korea's Workers Party [WPK] and had been engaged in espionage activities.

On that day, the NSP and the police disclosed: "Professor Pak was recruited in Japan by Japan-resident North Korean agent So Tae-su, 71, in August 1989. Visiting Japan and the PRC on about 30 occasions, he was engaged in espionage activities by reporting to So and other North Korean agents the information on the ROK's domestic political and social situation, and on the students' movement on campus. Meanwhile, it was also disclosed that there was a ceremony at the North Korean Embassy in the PRC last February in which Professor Pak joined the Workers Party, and that he received 500,000 yen (approximately 4 million won in Korean currency) as a fund for his activities."

The NSP and the Police also said: When he joined the Workers Party, a certain Kim, vice director of North Korea's Clandestine Operation Guidance Department who is in his sixties, ordered Professor Pak to "visit the Republic and come back after receiving an identification card as a party member." Therefore, he has been making attempts to enter the North along with So this coming June.

Professor Pak is also charged with having played a leading role in establishing "the Society of Research on the Underground General Headquarters of [the Japanese Imperial Armed Forces] in Matsushiro" in May 1990 and again in establishing "the Research and Consultative Council to Work Out Measures to Deal with Japanese Questions" in September 1992.

Professor Pak is also charged with having sent, through So, a message of condolences to North Korea over Kim Il-song's death in August 1994 and again a message of congratulations to North Korea on Kim Chong-il's birthday in the beginning of last January in the name of his code name "Sohangang."

#### **President Kim's Brother-in-Law Arrested 15 May**

SK1605053395 Seoul THE KOREA HERALD  
in English 16 May 95 p 3

[FBIS Transcribed Text] The Prosecutor General's Office yesterday arrested President Kim Yong-sam's brother-in-law and three others on charges of influence-peddling.

Son Song-hun, a cousin of First Lady Son Myong-sun, received 400 million won (some \$500,000) from Pak Sung-sop, chairman of the Toksan Business Group, in



exchange for lobbying for Pak to retrieve the management right of Choson University in Kwangju, prosecution investigators said.

They said that Son, 61, had demanded 500 million won February of last year, saying that he would ask high-ranking officials of Chongwadae [presidential offices] to help Pak.

The management of the university was handed over to members of the school's board of directors who were appointed by the government from Pak's family in 1987. Pak has reportedly tried to regain control.

The investigators said that 190 million won went to Son and the remaining 210 million won was given to brokers Pak Yun-sok, Pak Won-ung and So Yun-tae.

**Hyundai Work Stoppage Paralyzes Assembly Lines**  
*SK1605082495 Seoul YONHAP in English*  
0813 GMT 16 May 95

[FBIS Transcribed Text] Ulsan, South Kyongsang Province, May 16 (YONHAP) — A work stoppage initiated by some 3,000 workers Tuesday at a Hyundai motor co. plant in retaliation for the dismissal of a colleague who attempted to burn himself to death late last week appears to have paralyzed the company's entire assembly line operations.

The work stoppage, limited to assembly line Nos. 1 and 2 Monday, expanded to lines 3 and 4 Tuesday, and the workers threatened to stage a general strike Wednesday unless their demands are met.

The stoppage of the four lines has set the company's production back 4,700 cars and trucks, or 96.5 percent of the company's daily production. Tuesday alone it forced 16,500 workers of the 27,000-strong workforce to leave their workplace.

The stoppage of two assembly lines between Saturday and Monday morning resulted in a production setback of 3,634 units, worth 30.4 billion won, and the setback would increase to 40 billion won Tuesday evening as the stoppage spread to line Nos. 3 and 4.

So, the company is confronted with a rare situation due to "the extremist workers" opposing "the moderate and pragmatic union leadership."

The dismissed worker, Yang Pong-su, 29, was denied admission at the company's gate Friday when he tried to join a union meeting concerning company precincts, and he made an attempt to burn himself to death in protest.

Yang was employed by the company in 1990 and has since opposed the union's chairman Yi Yong-pok's moderate and pragmatic policies since last January when

he was fired for his refusal to work.

Yang's suicide attempt incited anger among extremist workers, led by former union chairman Yi Sang-pom, the workers staged a work stoppage Saturday, demanding the company's apology for Yang's dismissal and his immediate reinstatement.

The alliance of Hyundai group unions began to move in support of Yang's protest, ordering its affiliated unions to hold rallies protesting his dismissal.

The organized protest by extremist workers and the alliance of Hyundai group unions basically stems from their opposition to the moderate policies of Hyundai motor's union leadership which recently led to longer working hours, according to analysts.

But other analysts see the dispute as an internal power struggle within the union in the face of a new leadership election in August. The extremist workers opposing chairman Yi Yong-pok's moderate policies are capitalizing on the dismissed worker's suicide attempt in their struggle to gain influence in the next wave of union leadership by halting work on the assembly lines of the company. They know very well that in an automobile assembly factory, a work stoppage by a small number of key workers can almost paralyze the entire factory.

The incumbent union leadership plans to settle wage increase negotiations by securing relatively large raises from the management in a peaceful manner, as it did last year, for its re-election in August.

But the work stoppage by extremists has considerably frustrated this plan.

The company could hardly meet the extremist workers' demands that the dismissed worker be immediately reinstated and that the company drop the lawsuit it filed against 12 extremist workers for their leading role in the illegal work stoppage. Moreover, if it negotiated with the extremist workers on their demands, instead of with incumbent union leaders, it could not avoid charges that the company ignored the incumbent union leadership.

Analysts say the extremists have few chances to succeed by continuing the work stoppage, but "they have crossed the river of no return," one analyst observed.

Chances are very slim that the management and the extremist workers will hold talks, and law enforcement authorities will have to deal with the issue of an "illegal strike."

But if the situation settles down, the coming collective bargaining session to discuss wage raises and the union leadership election in August would confront many of the problems they now face, as the dispute is basically due to internal strife within the union.



**Brunei, Malaysia & Singapore****Malaysia****Foreign Minister on Possible U.S.-DPRK Talks**

*BK1605070595 Kuala Lumpur UTUSAN MALAYSIA  
in Malay 16 May 95 p 12*

[FBIS Translated Text] Kuala Lumpur, 15 May — Malaysia is not opposed to the U.S. and North Korean desire to make Kuala Lumpur the next venue of nuclear talks between the two countries. Foreign Minister Datuk Abdullah Ahmad Badawi said even though the Malaysian Foreign Ministry has not officially been notified about the matter, the government adopts the view: "Why should we oppose the wishes of two countries, which have diplomatic relations with us and want to come and hold talks.

"I have no information whether the conference will be held in Kuala Lumpur.

"Kuala Lumpur is now known as an international city with various facilities and has no security threat," he said.

Speaking to reporters at Kuala Lumpur's Subang International Airport on his return from the ASEAN-Canada ministerial meeting in Vancouver, he said Malaysia has never offered to host the talks.

Foreign news agencies today carried a report that the United States and North Korea will hold nuclear talks in Kuala Lumpur on Friday. The two countries reached a historic agreement on Pyongyang's nuclear program at their meeting in Berlin. However, the two countries were unable to reach an agreement on the purchase of a nuclear reactor which does not use plutonium. The United States wants North Korea to buy a reactor worth about [Malaysian ringgit] RM10 billion from South Korea.

Meanwhile, Deputy Prime Minister Datuk Sri Anwar Ibrahim said the government will issue an official statement endorsing the holding of such talks in Kuala Lumpur.

"Malaysia has been notified of the proposed talks, but it wants an official statement issued by the two governments," he told reporters before attending a banquet hosted by the Johor National Front in Johor Baharu this evening.

**Mahathir's 'Private' Japan Visit Previewed**

*OW1405104495 Tokyo KYODO in English  
0823 GMT 14 May 95*

[By Siti Rahil]

[FBIS Transcribed Text] Singapore, May 14 KYODO — Malaysian Prime Minister Mahathir Mohamed will visit Japan from Monday [15 May] to Saturday on a private trip that will have some influence on his decision whether to attend the informal summit of the Asia-Pacific Economic Cooperation (APEC) forum in the western Japan city of Osaka this year, diplomats say.

The trip, sponsored by a Japanese newspaper that has invited him to speak at a forum in Tokyo, will provide an opportunity for Mahathir to see Japanese Prime Minister Tomiichi Murayama.

But officials and diplomats say they do not expect the meeting, scheduled for Wednesday, to achieve much in terms of resolving sticky bilateral issues.

The meeting is taking place at a time when Malaysian-Japanese diplomatic ties are at a low ebb, marred by Japan's reluctance to join the Mahathir-conceived East Asian Economic Caucus (EAEC) and Malaysian officials' perception that Japan has been giving them the cold shoulder.

One striking example is Mahathir's upcoming summit with Murayama in Tokyo. Murayama will spare only 20 minutes for the meeting and with half the time expected to be taken up by the interpreters, there will not be much left for serious issues.

Malaysian cabinet ministers have also been snubbed repeatedly with the same treatment.

International Trade and Industry Minister Rafidah Aziz was given only 10 minutes to see Murayama when she visited Japan in July last year.

Deputy Prime Minister and Finance Minister Anwar Ibrahim managed to see finance minister Masayoshi Takemura for only 15 minutes when he went to Japan in September last year.

Takemura later apologized to Anwar when they met in Malaysia in January this year, but Anwar expressed his resentment by turning a deaf ear to the apology, diplomatic sources say.

Well-informed sources from the Association of Southeast Asian Nations (ASEAN) say the Malaysian Government's sentiment toward Japan as a result of this treatment and the EAEC snub is "worse than anger."

Malaysian officials are also annoyed that ASEAN's plan for an informal economic ministers meeting in Phuket



with Japan, China and South Korea in April this year had to be canceled because Japan refused to participate without including Australia and New Zealand.

ASEAN currently groups Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

Diplomats say it is a pity Murayama is not sparing more time for the meeting given the urgency of such issues as the rising yen, which has prompted Mahathir recently to decide against further loans from Japan.

Murayama wants to urge Mahathir to attend the third informal APEC summit, which Japan will host in Osaka on Nov. 19. But Mahathir may try to use the issue of his attendance there as leverage to get Japan's support for the EAEC, diplomats say.

Mahathir boycotted the first informal summit hosted by U.S. President Bill Clinton in Seattle in 1993 but attended the second summit in Bogor last year, hosted by Indonesian President Suharto, in the spirit of ASEAN solidarity.

Japan has distanced itself from the EAEC mainly in deference to the United States, which opposes the grouping.

Japanese officials are worried over Mahathir's having yet to accept Murayama's invitation to make a state visit to Japan in September this year because if he turns the invitation down, it could be a signal the Malaysian leader will boycott the APEC summit in Osaka.

Murayama is also expected to press for Australia and New Zealand's participation in the first informal Asia-Europe summit, which will be held in Bangkok in March next year.

ASEAN, which first proposed the summit, wants Asian participation in the inaugural summit to involve only the current ASEAN members, plus Japan, China, South Korea and Vietnam, which is set to join ASEAN later this year.

But Japan is insisting on the inclusion of Australia and New Zealand out of concern that restricting participation to East Asian countries would be reminiscent of the EAEC membership concept, which is opposed by Washington.

Japan's stance is resisted by the ASEAN countries, particularly Malaysia.

Tokyo sent Ichiro Fujisaki, deputy director of the Japanese Foreign Ministry's Asian division, to Singapore on April 25 to meet the Singapore Foreign Ministry's permanent secretary, Kishore Mahbubani, to push for Australia and New Zealand's participation.

The effort failed, however, because senior officials from the European Union and ASEAN who were in Singapore to prepare for the Asia-Europe summit in early May agreed in principle to keep Australia and New Zealand out, at least from the inaugural summit.

#### Leaves for Japan

*BK1505063195 Kuala Lumpur RTM Television  
Network 3 in Malay 0530 GMT 15 May 95*

[FBIS Transcribed Text] Prime Minister Datuk Sri Dr. Mahathir Mohamed left for Japan this morning to attend a business forum in Tokyo. He has been invited by a local newspaper to deliver a speech to Japanese politicians and intellectuals. Japanese Prime Minister Tomiichi Murayama is also scheduled to address the forum. Singapore Senior Minister Lee Kuan Yew has been invited to give his views on regional developments. Datuk Sri Dr. Mahathir will return home on Saturday.

#### Badawi Denies Australia's Inclusion in EAEC

*BK1605075195 Kuala Lumpur UTUSAN MALAYSIA  
in Malay 16 May 95 p 3*

[Report by P. Bala Kumar]

[FBIS Translated Text] Kuala Lumpur, 15 May — Malaysia's stand on the inclusion of Australia in the EAEC [East Asia Economic Caucus] remains unchanged, said Foreign Minister Datuk Abdullah Ahmad Badawi. He said that up to now Malaysia continues to adhere to its position that the EAEC does not include Australia.

Commenting on an interview by that country's THE AUSTRALIAN newspaper with Prime Minister Datuk Sri Dr. Mahathir Mohamed on the EAEC, he said: "I am not quite sure about that interview."

The minister said this to reporters at Kuala Lumpur's Subang International Airport this evening after his return from the ASEAN-Canada ministerial meeting in Vancouver.

A foreign news agency today quoted Dr. Mahathir as saying in the magazine that Australia can join EAEC. The prime minister was quoted as saying: "I believe Australia's membership in the caucus is possible."

Before this, Dr. Mahathir refused to allow Australia to join the EAEC because that country is not interested in the caucus and prefers to pay more attention to APEC [Asia-Pacific Economic Cooperation].

Meanwhile, Badawi said the ASEAN-Canada ministerial talks proceeded smoothly with ASEAN being able to voice its views which will be discussed at the Group of 7 meeting in Halifax, Canada, next month. He said



ASEAN managed to voice its views on various political and economic issues, especially the yen's appreciation against the U.S. dollar.

**Islamic Unity Front Wants New Opposition Leader**  
*BK1305144495 Kuala Lumpur UTUSAN MALAYSIA in Malay 13 May 95 pp 1, 2*

[Report by Siti Hatija Yusof]

[FBIS Translated Excerpt] Kuala Lumpur, 12 May — Friction among opposition parties is expected to increase after the APU [Islamic Unity Front, a loose coalition of Malay opposition parties] demanded that an indigeneous person become a new opposition leader.

UTUSAN MALAYSIA learned that the APU, which is made up of, among others, the Malay Party of the Spirit of 46 and the PAS [Pan-Malaysian Islamic Party], will urge DAP [Democratic Action Party] Secretary General Lim Kit Siang to step down before the paramount ruler inaugurates the ninth Parliament on 8 June.

The demand was made after the party led by Lim Kit Siang was severely defeated in the recent general election.

The demand was based mainly on the fact that the APU obtained more parliamentary seats than other opposition parties in the general election.

The demand also followed the DAP's action in undermining cooperation between the Gagasan Rakyat [People's Might, a loose coalition of Malay and non-Malay opposition parties] and the APU.

The loose coalition of opposition parties was severely dented prior to the general election when the DAP formally announced its withdrawal from the coalition.

The action simultaneously dealt a severe blow to the authority and dignity of Tengku Razaleigh Hamzah, president of the Gagasan Rakyat and the Malay Party of the Spirit of 46.

The DAP was believed to have quit the Gagasan Rakyat to avoid being seen as cooperating with the PAS, which is bent on implementing Islamic law in Kelantan.

#### **Panel Set Up To Monitor PAS Activities**

*BK1505061895 Kuala Lumpur THE STAR in English 15 May 95 p 2*

[FBIS Transcribed Text] Kuala Lumpur — The Home Ministry has set up a special committee to monitor PAS [Pan-Malaysia Islamic Party] activities to ensure that its actions do not develop into a threat to national security.

The committee, headed by the ministry's security division secretary, will keep close tabs on the actions of PAS

leaders and members, Deputy Minister Datuk Megat Junid Megat Ayub said.

Speaking to newsmen after opening the Persatuan [Association] Darul Ridman annual general meeting here yesterday, he said the committee would vet all PAS leaflets, speeches, and actions of its leaders.

The committee, comprising security personnel, the Registrar of Societies, legal experts and Islamic scholars, he said, was also entrusted with the task of finding ways to unite the people.

Megat Junid said the ministry would check whether the speeches made by PAS leaders reflected their personal feelings or the party's official stand.

"The Government will take action under the Internal Security Act [ISA] against PAS leaders and members if they are found to be creating tension, causing splits among the people or spreading deviationist teachings.

"Action can also be taken against PAS under the Societies Act if it is found that the kafir-mengafir [calling other Muslims infidel] issue is part of the party's fatwa (religious ruling).

"This action is not politically motivated. We have to take firm action to ensure frustrated quarters who failed to gain power do not threaten security or manipulate religious teachings," he added.

Megat Junid said action could be taken under the ISA if anyone was found to have caused tension, harm, split Muslims, or families and jeopardised security.

He said the ministry would refer to the Religious Affairs Department for action on cases of manipulation of religious teachings.

## **Cambodia**

### **Australian Experts in 4th Military Region**

*BK1605071295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 15 May 95*

[FBIS Translated Text] There are reports saying that the alliance and the two-headed government recently dispatched Australian military experts to work with Prum Samen and two-headed commanders in the 4th Military Region in Siem Reap and Kompong Thom to find a way to improve the deteriorating situation on Route 12 and in Stoung District, Kompong Thom.

The reports say that the two-headed troops on Route 12 and in Stoung District are demoralized and afraid of all types of stakes and mines; they avoid going out to fight. According to the reports, none of the two-headed



soldiers hit by poisoned stakes has survived; they died on the spot immediately. A knot might be tied to prevent the poison from circulating. The victims still die even after this operation because the flesh decays and the bone rots. Soldiers hit by mines also die or are maimed, losing legs, arms, and eyes almost every hour.

As for the mine detectors recently given to the two-headed government, they are useless. How can they detect our plain and poisoned stakes? How can they detect guerrillas who position themselves at various places ready to open fire? As for our mines, they are only waiting to be detected and then explode, annihilating both the alliance's mine detectors and their operators. The people say that the alliance's mine detectors can find only nuts and bolts left on Route 12 from destroyed two-headed government's vehicles and tanks.

The situation on Route 12 and in Stoung District, Kompong Thom, is a headache for the two-headed government and the alliance. The army and the people on the battlefield on Route 12 and in Stoung District, Kompong Thom, trust more and more the guerrilla and people's war and are uniting to implement it more actively and more effectively.

**Thai Envoy on Investigation of Attack on Banker**  
*BK1505021295 Bangkok THE NATION in English*  
15 May 95 p A2

[Report by Marisa Chimprapha]

[FBIS Transcribed Text] Cambodian police cannot proceed any further with their investigation into the brutal attack on a Thai bank manager because he is afraid to return to the country and so cannot be interviewed. Phnom Penh-based Thai Ambassador Sakthip Krairoek said.

Though the Thai Embassy could act as proxy for Luchai Wutthisakun, who is the manager of the Royal Cambodian Bank, police want more details from the victim who was allegedly attacked by uniformed Cambodian soldiers, Sakthip said recently.

Luchai was found covered with blood — with serious injuries to his head, hands and body — on the roadside after being abducted from his vehicle while heading home with friends late on April 4.

"The (investigation of the) case has now been suspended as the Cambodian police cannot go any further without additional testimony from Luchai," Sakthip said. Luchai was flown back to Bangkok for treatment.

An informed source earlier quoted Luchai as saying that he would wait for the case to be concluded before deciding whether to return to Phnom Penh.

Sakthip said Luchai has so far refused to go to Phnom Penh and the envoy also confirmed earlier reports that three men had been arrested in connection with the incident but were later released due to lack of testimony from the victim.

The Thai embassy had alerted the Interior and Foreign Ministries to the incident and both ministers promised to give their full backing to solve the case, which they said could affect foreign investment in Cambodia.

In addition, the envoy said, the friends accompanying Luchai when he was attacked have also refused to testify adding to the difficulty of the investigation.

Meanwhile, one of the people in the car on the night of the attack told THE NATION that he had nothing to say about the incident and wanted to continue working in Phnom Penh. He was afraid for his safety if he testified.

However, he recounted that on April 4, Luchai, himself and another man were travelling home after dinner at a hotel when a group of uniformed Cambodian soldiers blocked the road.

The soldiers initially grabbed the third member of the party only to discover he was not the one they wanted. Therefore, they returned and asked in Thai which of the remaining men was a banker. Luchai said he was and was taken away.

The witness also refuted earlier reports that the armed group did not steal anything, saying that his mobile phone, wallet and his wristwatch were taken.

Earlier comments by Luchai indicated he suspected one of the bank's major shareholders, identified as Australian-Cambodian Meng Kit, was behind the attack.

Luchai accused Meng Kit of trying to scare off Thai shareholders from the bank in order to take control.

**Khmer Rouge Report Activities in Battambang**

*BK1505151895 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 15 May 95*

[FBIS Translated Excerpt] Route 10-Sangke river battlefield: On 8 May, the enemies left Boeng Phum and to invade Ta Touch. They were ambushed by our people with stakes, mines, and sniper fire: two were killed and three others wounded.

On 8 May, the army, in cooperation with our people, ambushed the enemies leaving Tuol Kduoch, Boeng



Trei, and Ta Touk, killing one and wounding two. The remaining enemy troops fled and stepped on our stakes and mines; several were killed or wounded. On the afternoon of the same day, the enemies stepped on our stakes and mines in Kouk Choa: three were killed and four others wounded.

On 5 May, the enemies stepped on our mines in Khvak, and one was killed and another wounded. We planted 1,500 plain punji stakes and 100 poisoned stakes and also laid six mines.

On 9 May the enemies stepped on our mines in Cheng village; one was killed and another wounded. We planted 800 stakes and laid 20 mines.

West Battambang battlefield: On 10 May the enemies stepped on our stakes and mines west of Kamping Puoy; one was killed and another wounded. On 11 May the army and our people attacked the enemies west of Pich Changva, killing one and wounding another. Afterward, we planted 2,000 stakes west of Khla Paong.

On 9 May, the enemies stepped on our stakes and mines. We also attacked them between Chrouy Khla and Kap Chen: two were killed, including a major; four others were wounded. We also planted 9,500 stakes and laid 27 mines.

On 15 May, a battalion of two-headed troops left Khla Dambang and went into an area with our stakes and mines. With our additional attack, the enemies fled back. We killed one and wounded three enemy soldiers.

## Laos

### President's Activities in Burma Detailed

*BK1005111695 Vientiane KPL in English  
0912 GMT 10 May 95*

[FBIS Transcribed Text] Vientiane, May 10 (KPL) — According to information from the Lao Embassy in Yangon [Rangoon], Myanmar [Burma], Nouhak Phoumsavan, president of the Lao PDR [People's Democratic Republic], on May 8 met with Than Shwe, chairman of the Myanmar State Law and Order Restoration Council (SLORC) at the parliament in Yangon.

During the talks, which passed in an atmosphere of mutual understanding, the two sides informed each other about their respective country. The Lao president and the SLORC chairman exchanged opinions on the international issues in which both sides are interested. The two sides expressed hope that the visit of the Lao president to the Union of Myanmar will make an important contribution to the promotion of long-standing relations and cooperation.

At 0600 P.M., President Nouhak Phoumsavan and Chairman Than Shwe attended the signing ceremony of various documents between the two countries, including an agreement on trade signed by the Lao and Myanmar ministers of commerce, the agreed minutes of the first meeting of the Myanmar-Laos Joint Commission for bilateral cooperation signed by the Lao and Myanmar foreign ministers, and the agreement on cooperation in agriculture signed by the Lao and Myanmar ministers of agriculture. The signing of these agreements will be a firm foundation for the strengthening and promotion of the friendly relations and cooperation between the two countries at present and in the future.

Earlier, at 1300, at the first meeting of the Joint Commission for Lao-Myanmar and Myanmar-Laos cooperation, with the attendance of the Lao and Myanmar foreign ministers, the document on the fixed international boundary between the two countries was exchanged by Li Bounkham, ambassador extraordinary and plenipotentiary of the Lao PDR to the Union of Myanmar, and Ou Elvin, head of the Department of Agreement and Consul of Myanmar.

At 1900 of the same day, General Than Shwe and his wife hosted a dinner at the building of parliament in honor of the visit of President Nouhak Phoumsavan and his wife to Myanmar.

President Nouhak Phoumsavan, his wife and his delegation on the morning of May 9 visited Myanmar's famous Gold Temple. The Lao president donated a sum of money for the renovation of the temple. After that the Lao president, his wife and his delegation left by a special plane for Bagan to visit important historical places there.

### Further on Activities

*BK1205102395 Vientiane KPL in English  
0902 GMT 12 May 95*

[FBIS Transcribed Text] Vientiane, May 12 (KPL) — On the morning of May 10 on the third day of an official visit of a high level delegation of the Lao PDR [People's Democratic Republic] to Myanmar [Burma], President Nouhak Phoumsavan, his wife and his delegation visited Mandalay city after a one-day visit to Bagan City. The Lao president was warmly welcomed by Mayor General (Maj. Gen.) Chan Han, chairman of the SLORC [State Law and Order Restoration Council] of Mandalay, and his wife and a crowd of Mandalay citizens.

Maj. Gen. Chan Han and his wife on the evening of the same day hosted a dinner in honour of President Nouhak Phoumsavan, his wife and his delegation.



Mandalay was established in 1857 by King Mindong Mandalay. Before, the city used to be a Royal city. Today Mandalay is the most important cultural centre of Myanmar. President Nuhak Phoumsavan, his wife and his delegation left Mandalay for Yangon [Rangoon] on May 11 after visiting Mandalay Mountain, from which there is a beautiful natural scent.

The delegation also visited a gem-polishing factory and Than Lu in bridge in Yangon. The delegation was accompanied by the Myanmar foreign minister.

**'Joint News Release' Issued**

*BK1305070195 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 12 May 95*

["Joint News Release" on the occasion of Lao President Nuhak Phoumsavan's visit to Burma issued in Rangoon on 12 May]

[FBIS Translated Text] At the invitation of His Excellency [H.E.] General Than Shwe, chairman of the State Law and Order Restoration Council [SLORC] of the Union of Myanmar [Burma], H.E. Nuhak Phoumsavan, president of the Lao People's Democratic Republic [LPDR], paid a goodwill visit to the Union of Myanmar from 8 to 12 May 1995.

Accompanying his excellency the LPDR president were Mrs. Bounma Phoumsavan; H.E. Somsavat Lengsavat, foreign affairs minister, and his wife; H.E. Thongdam Chanthaphon, minister attached to the Prime Minister's Office [PMO]; H.E. Sompadit Volasan, minister of trade; H.E. Sian Saphangthong, deputy minister of agriculture and forestry; H.E. Somphong Mongkhonvilai, vice chairman of the Committee for Planning and Cooperation; H.E. Li Bounkham, LPDR ambassador extraordinary and plenipotentiary to the Union of Myanmar, and his wife; and many high-ranking LPDR officials.

H.E. President Nuhak Phoumsavan and his delegation were accorded an honorable and warm welcome by the government and people of the Union of Myanmar, indicating the traditional relations of friendship and close brotherly ties between the two countries. H.E. President Nuhak Phoumsavan expressed great pleasure at having the opportunity to visit the Union of Myanmar and conveyed the sincere greetings and best wishes of the government and people of Laos to the government and people of the Union of Myanmar.

During the visit to the Union of Myanmar, the LPDR president and his delegation visited many sites of cultural and historical significance in and around Rangoon, Bakan, Mandalay, and other places. At the same time, the delegation had the opportunity to familiarize itself

with the many changes taking place in the fields of agriculture and city development.

His excellency the LPDR president held talks with H.E. Gen. Than Shwe, SLORC chairman of the Union of Myanmar. The two leaders exchanged views in an atmosphere of intimate friendship on their experiences in building their respective countries and on current international issues. The talks proceeded in an atmosphere of friendship and good understanding.

Attending the meeting on the Lao side were H.E. Somsavat Lengsavat, foreign affairs minister; H.E. Thongdam Chanthaphon, minister attached to the PMO; Trade Minister Sompadit Volasan; H.E. Sian Saphangthong, deputy minister of agriculture and forestry; H.E. Somphong Mongkhonvilai, vice chairman of the Committee for Planning and Cooperation; H.E. Li Bounkham, LPDR ambassador extraordinary and plenipotentiary to the Union of Myanmar; and Vang Lattanavong, director of the Asia-Pacific-Africa Department of the Foreign Affairs Ministry.

Attending the talks on the Union of Myanmar side were H.E. Gen. Maung Aye, vice chairman of the SLORC; H.E. Vice Admiral Maung Maung Khin, deputy prime minister; H.E. Lieutenant General Tin Tun, deputy prime minister; H.E. Lt. Gen. Khin Nyunt, secretary-1 of the SLORC; H.E. Lt. Gen. Tin U, secretary-2 of the SLORC; H.E. Lt. Gen. Tun Kyi, minister of trade; H.E. U Ohn Gyaw, foreign affairs minister; and H.E. U Thein Han, Myanmar ambassador extraordinary and plenipotentiary to the LPDR.

H.E. Lt. Gen. Khin Nyunt, secretary-1 of the SLORC, paid a special courtesy call on H.E. Nuhak Phoumsavan, president of the LPDR.

Specific meetings were held between H.E. Thongdam Chanthaphon, minister of the PMO, and H.E. Brigadier General Lun Maung, minister of the PMO; H.E. Sompadit Volasan, minister of trade, and his counterpart H.E. Lt. Gen. Tun Kyi; Somphong Mongkhonvilai, vice chairman of the Committee for Planning and Cooperation, and Brig. Gen. Abel, minister of national planning and economic development; and H.E. Sian Saphangthong, deputy minister of agriculture and forestry, and H.E. U Tin Hlaing and H.E. U Aung Phone, respectively deputy ministers of agriculture and forestry. The meetings between the two sides were filled with the spirit of goodwill and were beneficial to the relations and cooperation between the two countries.

The Myanmar side informed the visitors of the SLORC's policy, objectives, and efforts in the political, economic, and social fields aimed at building the state



with tranquility, prosperity, modernization, and development. The Myanmar side informed his excellency the LPDR president of its achievements in the effort to build national concord; draft a new constitution; implement the policy of market economy; and cultural heritage, and the great spirit of patriotism as well as in the constitutional, political, economic, and social development taking place in the country and the efforts to ensure national reconciliation.

The Myanmar side reiterated its foreign policy of independence and sovereignty on the basis of the Five Principles of Peaceful Coexistence and friendship with all countries in the world, especially neighboring countries. On the basis of this principle, the Myanmar side expressed confidence that the multilateral cooperation and friendship among the countries in this region will contribute to building regional peace, stability, and prosperity.

The principles of the Nonaligned Movement remain eternally valuable and Myanmar reaffirmed its active participation in this movement. On the basis of these principles, Myanmar expressed its conviction in reaffirming its foreign policy of independence and friendship on the basis of the Five Principles of Peaceful Coexistence and active participation in the Nonaligned Movement.

The Lao side informed the Myanmar side of the achievements of the Lao people in defending and building the country along the path of restructuring implemented since 1986 and the direction of the major tasks in socioeconomic development from now to the year 2000. The Lao side reaffirmed its pursuance of the foreign policy of peace, independence, friendship, and cooperation toward other countries, first of all neighboring countries, on the basis of the five-point principle of peaceful coexistence, active contribution to the Nonaligned Movement, participation in the activities of the ASEAN as a member of the Bali Treaty, and as an ASEAN observer.

The two sides reviewed the progress of their relations, and pledged to further develop their ties and close cooperation for the mutual interests of the peoples of the two countries. On this issue, the two sides hailed the practical success of the first meeting of the Joint Commissions for Cooperation of Laos and Myanmar as well as the various documents they signed at the meeting. At the same time, they also expressed confidence that these concrete achievements will significantly contribute to the development of friendship relations and cooperation between the two countries in the years to come.

During the visit, the two sides signed the following documents: the agreement on trade between the gov-

ernments of the LPDR and the Union of Myanmar; the minutes of the first meeting of the Joint Commissions for Cooperation between Laos and Myanmar; and the agreement on cooperation in agriculture between the governments of the LPDR and the Union of Myanmar. The two sides profoundly hailed the exchange of the documents ratifying the agreement on the fixed international boundary along the Mekong river signed during H.E. Gen. Than Shwe's visit to the LPDR. These documents were exchanged during the visit by H.E. Nohak Phoumsavan, president of the LPDR to the Union of Myanmar.

The two leaders expressed satisfaction with the glorious success of the historic visit to the Union of Myanmar by H.E. Nohak Phoumsavan, president of the LPDR, and his delegation, thus creating a firmer foundation for the strengthening of friendship and cooperation between the two countries in the future, and significantly contributing to the building of peace, stability, and cooperation in Southeast Asia. The two leaders expressed pleasure at the opportunity to get more acquainted during the visit.

H.E. Nohak Phoumsavan, president of the LPDR, expressed sincere thanks to H.E. Gen. Than Shwe, chairman of the SLORC of the Union of Myanmar, to the fraternal government and people of Myanmar for according him and the LPDR delegation a warm welcome and for their hospitality throughout the visit.

[Dated] Rangoon, 12 May 1995.

#### Return to Vientiane 12 May

*BK1205145495 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 12 May 95*

[FBIS Translated Text] In response to an invitation from His Excellency [H.E.] General Than Shwe, chairman of the State Law and Order Restoration Council of the Union of Myanmar [Burma], H.E. Nohak Phoumsavan, president of the Lao People's Democratic Republic [LPDR], and his wife paid a goodwill visit to the Union of Myanmar from 8 to 12 May with brilliant success.

A grand send off ceremony was held for the LPDR president and his wife at Rangoon International Airport at 0830 this morning in the presence of H.E. Gen. Than Shwe and his wife and many important figures in the Union of Myanmar Government. H.E. Li Bounkham, LPDR ambassador extraordinary and plenipotentiary to the Union of Myanmar, and foreign diplomats accredited to the Union of Myanmar were also on hand to see off the LPDR delegation.

The LPDR president shook hands and greeted the foreign diplomats attending the farewell ceremony. He then paid respect to the national flags of the two



countries while the Lao and Myanmar national anthems were played. He inspected a Myanmar Armed Forces honor guard before boarding a special plane to fly back to Laos. Before boarding the plane, H.E. President Nuhak Phoumsavan shook hands with H.E. Gen. Than Shwe and the other important figures in the Union of Myanmar Government. He thanked them for according him a warm welcome during his visit. A 21-gun salute was fired to hail the success of the visit to the Union of Myanmar by his excellency the Lao president and his wife.

H.E. President Nuhak Phoumsavan and his wife concluded their visit to the Union of Myanmar with brilliant success, brining the intimate friendship of the Myanmar people to our Lao people.

At 1100, H.E. Nuhak Phoumsavan, his wife, and their party arrived back in Vientiane from Rangoon aboard the special plane. A grand official welcoming ceremony was held at the National Assembly Hall in the capital, Vientiane. Attending the ceremony were H.E. Khamphoui Keoboulapha, deputy prime minister; H.E. Khambou Sounisai and H.E. Vongphet Saikueyachongtouna, vice chairmen of the National Assembly; H.E. Boun-guang Volachit, mayor of Vientiane Municipality; and many important leaders and many high-ranking officials from various services. Representatives of the Union of Myanmar Embassy in Laos also took part in the welcoming ceremony

## Philippines

### Manila-Beijing Dialogues Over Spratlys Issue

#### PRC Remains Firm

*BK1505085395 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 15 May 95*

[FBIS Translated Text] The position of the People's Republic of China on the Kalayaan Group of islands remains firm. This was revealed by acting Foreign Affairs Secretary Domingo Siazon, Jr. Siazon based his statement on the Chinese president's letter, which was handed over by Chinese Ambassador to the Philippines Guan Dengmin to President Ramos.

According to Siazon, during the first meeting between Ramos and the new Chinese envoy, Dengmin stressed that China's position will not change with regard to bilateral exploration in the Kalayaan Islands. However, the Philippines wants multilateral exploration involving all the claimant countries of the Spratlys.

#### Ramos Lectures Chinese Envoy

*BK1505104295 Quezon City ABC-DWET Television in Tagalog 1000 GMT 15 May 95*

[FBIS Translated Text] President Ramos has lectured the new Chinese Ambassador to the Philippines Guan Deming on the Spratlys issue when the envoy met Ramos during the former's presentation of his credentials, even though Guan has not yet officially started in his post.

In the meeting, Ramos showed Guan a map of the Spratlys to prove that the islands are nearer to the Philippines than China.

Guan just smiled in reaction to Ramos's lecture.

During their brief meeting, Guan also handed over to Ramos a letter from President Jiang Zemin regarding the proposed joint venture between the Philippines and China in the Spratly Islands.

#### PRC Assures Peaceful Solution

*BK1605040195 Quezon City Radio Filipinas in English 0230 GMT 16 May 95*

[FBIS Transcribed Text] President Ramos received the Chinese assurance that it intends to peacefully resolve their differences with the Philippines on the Spratlys issue. The assurance was relayed to the president by new Chinese envoy Guan Denming when he presented his credentials in Malacanang.

#### PRC Limits Claim

*BK1605053595 Quezon City MALAYA in English 11 May 95 p 3*

[Report by Jean Magdaraog]

[FBIS Transcribed Text] Instead of claiming the whole South China Sea, Beijing is limiting its claim on the Spratly Islands and the waters around them, a Department of Foreign Affairs [DFA] official said yesterday.

Louie Cruz, of the DFA Asia-Pacific Desk, said this was noted by the Philippine delegation during the recent ASEAN meeting with the People's Republic of China in Hanzhou.

Although the Hanzhou meeting failed to achieve anything significant, he added, the Philippine delegation was able to stress with the Chinese officials that the issue on the Spratlys should be approached on a multilateral basis.

Cruz said China noted the united position of the ASEAN, but did not make any categorical statement



on it. The Spratlys are being claimed partly or wholly by Vietnam, China, Taiwan, Malaysia, Brunei, and the Philippines.

China had agreed to meet again sometime this year with the Philippines only to discuss the "code of conduct" in the disputed areas.

#### **Reporter Notes 'Some Tension' on Spratlys**

*BK1605091095 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 16 May 95*

[FBIS Translated Text] Gil Policarpio, the incumbent mayor of Pag-asa Island in the Kalayaan group of islands, has been reelected by 10 votes. This was reported by our colleague Arnold Clavio, who was among the 10 Philippine and 27 foreign journalists who went to the Spratlys. Based on the report, only 54 of the 100 registered voters cast their ballots on Pag-asa Island. The report added that the election went smoothly. Polling started at 1500, followed by the canvassing of votes at 1600. The proclamation of the winner followed at 1700.

Meanwhile, Arnold Clavio reported that there was some tension during the journalists' six-day trip to Panganiban Reef. First, the Chinese in Panganiban Reef hid upon seeing the arriving journalists. Second, a boat from the PRC fishing administration and a Chinese military frigate met the journalists' vessel. No encounter took place, however, and Major General Carlos Tanega, chief of the Western Command, brought the journalists back to Puerto Princesa City safely.

#### **Accord Signed With Germany for Various Projects**

*BK1605074095 Manila MANILA BULLETIN in English 11 May 95 p 12*

[Report by Romy V. Mapile]

[FBIS Transcribed Text] The Philippines and Germany recently signed an agreement on financial cooperation involving a total of 58 million deutsche marks (DM) or \$38.5 million for two power-related projects and three water supply and health-related projects.

Acting Foreign Affairs Secretary Domingo L. Siazon Jr., as one of his first official acts, signed for the Philippines, while Ambassador Karl Friedrich Gansaeuer signed for Germany.

The agreement is a result of the annual RP [Republic of the Philippines]-Germany inter-governmental negotiations on development cooperation, the last of which was held 7-9 November 1994.

These projects involve the extension of the power distribution network on Luzon and the installation

of anti-pollution devices in existing power stations, the Philippine Government and other recipients to be determined jointly by both countries will thus be able to avail themselves of the loan.

The agreement will also allow the Philippines to obtain financial contributions of up to DM 28 million (\$18.5 million) for the following projects: Drinking water supply and sanitation in provincial towns II, which involves the construction and extension of public water supply systems including sewage disposal measures; social marketing for family planning, to be undertaken in cooperation with a civic group; and, an immunization program to improve the health of infants and women through the provision of vaccines and distribution and storage facilities for the 1995 and 1996 National Immunization Days.

#### **Improvements in Economic Performance Cited**

*BK1605053995 Manila MANILA STANDARD in English 11 May 95 p 15*

[FBIS Transcribed Text] The National Economic Development Authority (NEDA) yesterday noted a number of recent improvements in the country's economic performance.

#### **Budget surplus**

The NEDA said the national government maintained a surplus of P[Philippine pesos]3.2 billion in its cash operations as of the first quarter of 1995, a significant improvement over the programmed deficit of P2.8 billion for the period.

Total revenues, the NEDA said, reached P90 billion, or 15.5 percent higher than the level reached in the same period last year. The increase came mainly from the proceeds of the privatization of Fort Bonifacio.

Meanwhile, tax revenues grew by 4 percent over the 1994 first quarter figure, but were short of the programmed P6.4 billion.

#### **Stock mart**

The NEDA likewise reported a 73.6 basis points increase in the stock market composite index, a 6-2 percent fall in the trade deficit, a 7.8 percent increase in investments, and 19.6 percent expansion in industrial production.

It added that the exchange rate had begun to stabilize, settling at P26.02 to the U.S. dollar in April, after being subjected to external shocks such as the Mexico crisis and the Barings collapse earlier in the year.

The inflation rate inched up to 6.2 percent in April, following a seasonal trend, while domestic interest rates



remained on the uptrend as monetary authorities beefed up their open market operations to stem money supply growth.

At the stock market, April was a particularly bullish lucky month, the NEDA said, as indications of a strong first quarter economic performance pushed the composite index beyond the 2,500 mark in the third week, before settling at 2,465.9 at the end of the month.

#### Trade gap narrows

The latest trade deficit, meanwhile, went down to \$1.05 billion, a 6.2 percent decrease, on account of the huge 28.7 percent export expansion vis-a-vis the 15.7 percent increase in imports.

The NEDA also noted that based on the Survey of Key Enterprises in Manufacturing (SKEM) for February, the value of production index increased by 19.6 percent, sustaining the growth trend that began in January. The gainers were led by petroleum products, followed by transport equipment.

Total BOI [Board of Investments]-approved equity investments, the report added, increased by 7.8 percent in March, or P611 million, due mainly to the more than three-and-a-half percent growth in foreign investments.

Finally, the country's balance of payments (BOP) achieved a surplus of \$168 million in 1994, a reversal from the \$501 million deficit registered in 1993.

### Thailand

#### Experts Discuss U.S.-Japan 'Trade War'

BK1505134595 Bangkok THAI RAT in Thai  
15 May 95 p 7

[Economic Team's Report: "A New Round in the U.S.-Japanese Trade War"]

[FBIS Translated Text] Following several unsuccessful rounds of negotiations, a "vigorous" trade war between the United States and Thailand broke out last week. The trade conflict between the Samurai and Uncle Sam will inevitably shake up the entire world trade arena.

The crisis point will come in the near future. Many people have expressed their concern over the direction of the world trade. The United States has threatened to impose trade sanctions against Japan. No one can guarantee that it will not do that with others as there might be some more countries on its hit list.

The U.S.-Japanese trade row has turned the world's attention to the "World Trade Organization" or WTO, which was established after the Uruguay round of trade talks dragged on for more than seven years. The

organization is supposed to provide the venue for its members to settle their disputes through mediation by a world-level jury and provide justice for all parties involved.

The U.S.-Japanese trade dispute had been simmering for over two years and exploded last week. The question has now arisen as to whether or not this international organ will be able to help settle the quarrel.

It should be noted that the United States itself put in a lot of effort to set up the WTO, reasoning that the WTO can truly defend world trade. Will the United States now give up this principle just to defend its interests?

No U.S. trade partners such as Thailand or even Japan are surprised by the U.S. decision to impose trade sanctions or drastic retaliatory measures against Japan.

The history of U.S. trade with other countries shows that the United States will not hesitate to take trade retaliatory measures such as the suspension of the GSP [General System of Preference] or retribution as prescribed in Article 301 or Special Section 301 of the U.S. Trade Law or a total import ban against any country that it believes is practicing unfair trade or protectionism against U.S. goods, or gaining too much of a trade surplus with it. No trade organization at any level seems to be able to help or protect that country.

In particular Thailand, we have been deeply affected by such treatment by our American friends.

The U.S. retribution against Japan was triggered by the huge trade deficit the United States has been suffering with that country. The United States has been suffering the heaviest trade deficit with Japan in comparison with its other major trade partners. Efforts have been made to remedy the situation, but to no avail.

The United States has pressured Japan to open its market for U.S. goods. This is the normal practice the United States has been using with its trade partners, including Thailand.

At first, the United States demanded that Japan open its market for U.S. cars, auto parts, and mobile phones. Japan yielded but the United States did not seem to be very satisfied with that. Meanwhile, obsolete U.S. products like left-hand drive cars find it hard to penetrate into the Japanese markets or win the hearts of the nationalistic samurai.

The latest U.S. ultimatum calls for Japan to give the United States 60 percent of the world market share of the Japanese auto parts industry. Japan lost patience with the United States and branded such a requirement as the demand of a ruffian.



If Japan yields to the U.S. demand, the Japanese automobile factories, which moved their production bases to foreign countries, will be compelled to rely on U.S. auto parts. Japan vehemently shrugged off the proposal, which has caused U.S. Trade Representative Mikey Kantor to threaten to raise a 100 percent tax barrier against Japanese goods. Many countries have been victimized by such acts of hooliganism and hope that the WTO will be able to act like the World Court of Justice to mediate trade disputes. The U.S.-Japanese trade quarrel will be the first test of the WTO's efficiency.

The WTO is expected to stop all countries from being bullied by either big or small major powers.

The WTO ruling in this case will bring to an end the deliberate depreciation of the U.S. dollar against the Japanese yen, which has caused confusion in the world trade arena. The yen was pushed up so high that Japanese goods to a large extent have lost their competitiveness in the world market.

As for Thailand, Karun Kittisathaphon, an experienced and well-informed negotiator in international trade and deputy permanent secretary of the commerce minister, told us that the United States is going against its pledge to make world trade fair for all countries.

In reality, the United States, Karun said, is unilaterally using all kinds of measures to bully other countries and force them to accept its unfair and ugly demands.

The permanent secretary predicted that the United States will launch a two-prong strategy within the next one or two weeks. First, it will file within 45 days a complaint with the WTO about Japanese protectionist practices against U.S. goods. Second, it will open another battle front by announcing a list of Japanese goods that will face heavy tariff barriers as a means of forcing Japan to come to the negotiating table again.

Likewise, Japan can also file a complaint against the United States with the WTO over the demands that run counter to the free trade principle.

However, Karun believes that the two countries will eventually meet half way through WTO mediation; however, to a certain extent, the United States will manage to squeeze something from Japan.

As a small country, Thailand is unlikely to be affected by the fighting between the two giants. However, it should learn something from this incident. Meanwhile, we should be prepared to cope with the situation in which more production bases will be moved out of Japan to foreign countries. Thailand will be one of the countries for the new Japanese production bases.

The future security of developing countries and countries that peg their currencies to the U.S. dollar and the Japanese yen, such as Thailand, must be in their own hands and not depend on how effective the WTO will be in ensuring justice for all countries.

#### **Suphachai Urges Cooperation With Shanghai**

*BK1605063295 Bangkok THE NATION in English  
16 May 95 p b3*

[FBIS Transcribed Text] Deputy Prime Minister Suphachai Phanitchaphak has suggested Thailand and China forge closer economic links between the cities of Bangkok and Shanghai because the cities have similar economic prospects.

In a speech entitled "China and Its Neighbors: Economic Relations in a Region of Rapid Growth" at the annual Asia Society meeting in Beijing, Suphachai urged the private sector to promote the spirit of economic cooperation between the two countries.

Shanghai is set to become a domestic and international financial center; the opening of an interbank currency market and plans to allow foreign brokers unrestricted membership in the Shanghai Securities Exchange both indicate significant financial reform is underway.

Also, the Thai Government is aspiring to become a regional catalyst for facilitating the expansion and activities of foreign firms in neighboring countries.

China, like Thailand, is also encouraging greater private sector participation.

On the national level, Suphachai said Thailand and China have much to learn from one another, especially because they share similar experiences in industrial development and income distribution.

On international trade, Suphachai said Thailand and China should cooperate in areas of shared interests such as the right's of workers, intellectual property rights and environmental protection.

"Regional cooperation should bring solidarity and a united front to future trade negotiations with international economic powers. This should help strengthen bargaining positions vis-a-vis other economic powers," he said.

Suphachai praised Chinese enthusiasm for Thailand's aborted attempt last month to host a gathering of ASEAN economic ministers and their counterparts from Japan, China and South Korea. Chinese authorities had accepted an invitation to the meeting but it was canceled because the Japanese Government declined to attend.



Referring to that event, Suphachai said, "the meeting was meant to create a certain understanding of selected economic issues of common concern in Asia. Until now, we have not been successful in convening such a forum because some of our invited colleagues have found reasons not to accept."

"China, in contrast, has displayed a most laudable cooperative spirit in accepting ASEAN's invitation to join such a gathering. This is a model role China can play in enhancing joint efforts to maintain economic prosperity in the region," Suphachai said.

#### **Kuala Lumpur Refuses To Sell Natural Gas**

*BK1305133395 Bangkok BUSINESS DAY in English  
13 May 95 p 1*

[FBIS Transcribed Text] Attempts to enhance regional cooperation with the development of a growth triangle linking southern Thailand and parts of Malaysia and Indonesia received a dramatic setback yesterday when the Kuala Lumpur government refused to sell offshore natural gas to Thailand.

After a two-day meeting of officials from the triangle countries in Bangkok, Malaysian delegation leader Dr Mohamed Yusuf Ismail said his country was no longer willing to supply natural gas to Thailand.

The move appeared to be an angry response to Thailand's refusal on Thursday to give preferential treatment to a Malaysian-led consortium bidding for a power station proposed for Satun Province. Dr Piyasawat Aamaranan, secretary-general of the National Energy Policy Office (Nepo), confirmed that the energy policy committee, chaired by Prime Minister Chuan Likphai, had ruled all prospective power station operators must be subject to competitive bidding as specified in the tendering rules of the Independent Power Producer (IPP) project.

"In Thailand we have transparency," he said. "Prospective investors in power stations to be situated inside Thailand must submit their proposals like any other IPP bidder."

Last year Malaysian Energy Minister Samy Vellu told Deputy Prime Minister Suphachai Phanitchaphak and Prime Minister's Office Minister Sawit Photiwihok, who has special responsibility for energy-related matters, that Malaysia was willing to supply natural gas if Thailand wanted to buy it. Thailand responded positively to this offer and the Electricity Generating Authority of Thailand was instructed to start negotiating gas purchases.

Delegates at the regional cooperation meeting, did, however, manage to agree in principle to push forward

plans to offer regionwide incentives to boost investment in the growth triangle. They agreed in principle to a list of the inducements and pledged to make sure they did not conflict.

The incentive plan will be discussed further at a ministerial-level meeting in Bangkok in September.

The Thai delegation called on Malaysia and Indonesia to reduce import duties levied on energy-related capital equipment, saying it had already cut import duties on coal from 25 percent to 1 percent. Indonesia said that it would not be possible to supply gas to Singapore, Malaysia or Thailand in the short term, while longer-term prospects for doing so would depend on the successful implementation of the Natuna project and the Sumatera gas pipeline project.

The Malaysians suggested the joint development of a coal mine and related thermal power station in Indonesia at Bukit Asam.

Indonesia called on Malaysia to provide financial support for the coal mining project.

Malaysia also called for the inclusion in the meeting minutes of the need for regional cooperation in the manufacture of power generation and transmission equipment.

#### **Top Bankers' Meeting in PRC Previewed**

*BK1605121295 Bangkok BANGKOK POST  
in English 16 May 95 p 17*

[Report by Errol de Silva]

[FBIS Transcribed Text] Former premier Anan Panyarachun will lead a top delegation of Thai bankers, investment specialists and businessmen for a symposium on finance and investment in China from July 23-27.

SCB China Consulting Co, a subsidiary of Siam Commercial Bank, which is organising the talks, expects the team to be 100 strong.

Prof Amphon Phannachet, president of SCB China Consulting, said the symposium would mark the 20th anniversary of the establishment of Thai-Chinese diplomatic relations.

"Mr Anan was invited to lead the team and chair the symposium in recognition of his untiring efforts in this development," Prof Amphon said.

The symposium, co-organised by the International Trade Research Institute and the Department of Asian Affairs of China's Ministry of Foreign Trade and Economic Cooperation, has sought active participation of Prime



Minister Li Peng and Zhu Rongji, the deputy prime minister in charge of finance and economic affairs.

Thailand's Board of Trade, the Thai Bankers' Association, the Federation of Thai Industries, the Institute of Asian Studies, Chulalongkon University and China Radio and TV Corp for International Techno-Economic Cooperation have agreed to cooperate with the organization of the symposium.

Prof Amphon said one of the objectives of the talks would be to obtain first-hand information on China's latest policies on finance, banking and investment, as well as on developments relating to taxation, foreign exchange and foreign trade.

He said the team would be able to identify business opportunities in these fields as well as on technology transfer.

"The recent credit squeeze in China has left tens of thousands of projects suspended, and these are waiting for foreign financing so that they could be revived. There are great opportunities for the Thais who can take over these projects."

According to Prof Amphon, numerous Chinese partners are looking for collaboration with foreign investors. Members of the team to be led by Mr Anan could finalise arrangements for very beneficial projects.

"We expect this to be quite useful for following up on the initiatives undertaken by Thai businessmen who accompanied Prime Minister Chuan Likphai in August-September 1993," he said.

More than 200 Chinese executives, managers and entrepreneurs from more than 60 top banking and financial institutions, as well as industrial enterprises and foreign trade corporations, are expected to attend the symposium.

China's latest investment policies and procedures will be outlined by the director-general of the Department of Foreign Investment of the Ministry of Foreign Trade and Economic Cooperation.

He is expected to brief the Thai delegation on the latest promoted sectors and industries, as well as on special areas set aside for foreign investments.

The deputy governor of the People's Bank of China will provide an insight of China's financial and banking reforms in recent years and of the implications they would have on foreign trade and investment.

Another topic being covered at the symposium is China's recent foreign trade strategy and its economic cooperation with Thailand and other Southeast Asian countries.

It will be presented by the director-general of the Department of Asian Affairs, Ministry of Foreign Trade and Economic Cooperation. Detailed discussions are expected on the status of China's trade and investment activities in Thailand and other Southeast Asian countries.

Under review will be the policies and strategies for economic cooperation between China and Thailand, as well as other Southeast Asian countries.

#### **Official: Stable Baht Result of Economic Growth**

*BK1605115695 Bangkok BANGKOK POST  
in English 16 May 95 p 28*

[FBIS Transcribed Text] Thailand's economic growth should expand by more than the 8.5 percent projected this year because the baht has stabilised, according to Tirana Phongmakphat, adviser to Deputy Prime Minister Suphachai Phanitchaphak.

The economy is now expected to grow by 8.7 percent this year as the country's exports will expand by 25 percent, instead of the 18 percent projected earlier.

Besides stabilisation of the baht, Thailand has been able to use new technology to upgrade the quality of its exports and explore new markets in Eastern Europe and within the Association of Southeast Asian Nations.

"These factors have significantly boosted Thai exports this year," Dr Tirana said.

Private-sector investment is expanding. The 1991-92 political crisis, particularly the bloodshed in May 1992, had chased away foreign investors especially in goods and electronics. But these had returned, he said.

Dr Tirana is confident that inflation this year will be a manageable 5 percent as prices of agricultural products, which have risen sharply in recent weeks, will decline while prices of non-food products will decline.

Some economists and bankers disagree with his view. Earlier, Bangkok Bank and the National Economic and Social Development Board [NESDB] said they were revising their forecasts of the country's economic growth this year as high interest rates would be reflected in production costs. The bank was looking at 8.3 percent and the board 8.4 percent.

The Commerce Ministry concedes inflationary pressure is mounting as prices of both industrial and agricultural products have risen markedly.

Deputy Commerce Minister Chaiyot Sasomsap said no state agency was able to control rising inflation, but the Government would have to balance the impact.

He said the consumer price index rose 5.4 percent in April because of hikes of agricultural products. The



industrial price index jumped by 27 percent, spurred by dearer industrial products such as paper pulp and petrochemicals.

NESDB secretary-general Sumet Tantiwetchakun said the board would revise its inflation projection if commodity prices and labour cost continued to rise.

But latest reports indicated inflation had not exceeded the NESDB's estimate, he said. The board estimated inflation at 4.8 percent, equal to the Bank of Thailand's projection.

Finance Minister Tharin Nimmanhemmin said inflationary pressure was rising because of higher prices for agricultural products and imports as a result of the appreciation of the Japanese yen and German mark.

The Government would let market mechanisms — costs — discourage imports of luxury goods, he said.

Mr Tharin has told the Bank of Thailand and the Fiscal Policy Office to prepare information on inflation as it is likely the issue will be raised during the Opposition's bid to censure the Government this week.

#### Reports on Issues Related to Burmese Border

##### Chuan on Border Security

*BK1605145195 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 16 May 95*

[Interview with Prime Minister Chuan Likphai by unidentified reporter at Government House in Bangkok on 16 May — recorded]

[FBIS Translated Text] [Chuan] Our officials should try to maintain principle in their work. Matters that are outside the scope of our responsibility should be avoided; we help with what we can. The purpose of security along the Burmese border is to provide safety to our people. Safety considerations for refugees are given in compliance with humanitarian principles and our obligation to international agreements.

[Reporter] Mr. Prime Minister, what do you think about the frequent discovery of weapons in refugee camps?

[Chuan] It is not unusual, because these refugees have been in our territory for decades. They number nearly 100,000, not 7,000 to 8,000, as many people think. True, the refugees number a few thousand, but the total number of people who arrived before them is 7,000 to 80,000 [figures as heard]. The number of weapons discovered, when compared with the number of people who are here, is very few. Although several weapons were found, when compared with the number of people, the ratio is very small.

[Reporter] The situation along the Burmese border seems to have calmed down gradually. Do you think it is time to return the refugees to Burma?

[Chuan] I encourage dialogues so that Burma will take these people back safely; it is the best solution. The refugees should return safely to where they lived before. This matter has to be discussed and agreed to by all parties. We have proposed that Burma hold a discussion with us on this issue.

##### Panel's Performance Questioned

*BK1205091095 Bangkok THE NATION in English 12 May 95 pp A1, A2*

[FBIS Transcribed Text] Prime Minister Chuan Likphai said yesterday he will call a meeting next week of all government agencies involved in the border situation to determine whether the committee handling the matter is an effective mechanism for negotiation.

"I will meet the Foreign Ministry, Interior Ministry and the National Security Council to see whether the Thai-Burmese joint border committee can handle the matter, whether the Burmese side of the committee has a mandate to handle the current border tension," Chuan said before attending the House session yesterday.

Chuan made the announcement as the Rangoon government accused Thailand of continuing to aid and arm ethnic minorities fighting Burmese troops.

His statement implied he would review the border committee's performance. The committee operates at a local level and there is growing concern that the magnitude and complexity of the current situation might be beyond its capability.

Thailand and Burma have established three levels of working committees — headed respectively by local authorities, the defence ministers and foreign ministers of the two countries.

"There might be some discrepancies in the mandates given to the negotiators in committees. Thai negotiators might be too senior to talk details while the Burmese side might have been given only a limited mandate to talk," the prime minister said.

Brushing aside Rangoon's accusation, the prime minister said the fighting between Burmese troops and drug warlord Khun Sa's Mong Tai Army and Bo Mya's Karen National Union is an internal matter. Rangoon should settle its own problems, he said.

"The Thai press should not fall prey to distorted information. We are living with reality," said Chuan.



The prime minister said the rise in the number of border incidents should be attributed to the Burmese government's failure to bring these two minority groups into the fold.

"We are the target of attacks simply because these two groups live near the Thai border," said Chuan.

He has instructed the Foreign Ministry to respond to the accusation. It is in Thailand's interest to stick to its principle policy of engagement with Burma, given the long porous border with Burma, and to support the cause of peace in Burma by engaging in dialogue.

"Our policy is based on reality," said Chuan.

Chuan defended a police raid on Karen refugees to confiscate smuggled weapons as the right approach "to show that Thailand does not tolerate any foreign forces using Thailand to fight their enemies".

Former foreign minister Prasong Sunsiri yesterday blasted the Foreign Ministry's performance. It should have taken diplomatic action much earlier to clarify the complex situation on the border and avoid misunderstanding.

Prasong, a Phalang Tham Party (PTP) MP who lost his post to PTP colleague Krasae Chanawong in the last Cabinet reshuffle, said the ministry should have taken the leading role, but was instead subordinate to the Army.

He expressed support for the government's firm stance on constructive engagement with Burma. The confrontational approach should be the last resort, given the complexities of the border problem involving infringement of sovereignty and identified raiders, he said.

#### **Surin Wants Talks With Burma**

*BK1305132395 Bangkok BANGKOK POST  
in English 13 May 95 p 5*

[FBIS Transcribed Text] Thailand is willing to cooperate with Burma to repatriate the 90,000 Karen refugees as soon as possible, deputy foreign minister Surin Phitsuwan said yesterday.

"The best solution is to send them back, but the problem is, they don't want to go. And we can't force them," said Surin.

The question of the return of the refugees was raised at a meeting on Thursday attended by officials of the Foreign, Defence and Interior ministries and of the National Security Council.

According to Surin, at present there are about 90,000 Burmese refugees taking refuge in three provinces—Mae Hong Son, Tak and Kanchanaburi.

The number of Karen refugees has increased by 20,000 from the 70,000 recorded on May 1.

Surin said Thailand needed to hold discussions with Burma both at the local level and through the appropriate diplomatic channels in order to resolve the problem.

He said Thailand needed to reassure the refugees about their safety before returning home.

Commenting on allegations made by Burma's deputy military intelligence chief Colonel Kyaw Win earlier this week that Thailand cooperated with and supported anti-Rangoon groups, Surin said they were "unacceptable and unfounded."

However, Surin declined to respond to the allegations more aggressively, saying the Foreign Ministry has already made its point in a series of protest notes handed to the Burmese ambassador to Thailand since the beginning of the year.

The ministry has summoned Ambassador U Tin Win eight times over the past few months to discuss the 15 incidents in which armed men intruded into Thai territory.

The last time, the aide memoire warned Burma of Thailand's right to self-defence against violations by Burmese troops of its territorial sovereignty.

Surin defended Thailand's assistance to the refugees on humanitarian grounds. He said that no matter which faction they came from, they are disarmed.

"This practice is consistent with international law and does not mean that Thailand is hostile or unfriendly toward Burma," he said.

He said Thailand fully cooperates with Burma and international agencies in drug suppression.

It has closed some border checkpoints and revoked the Thai nationality of a number of convicted drug dealers who illegally obtained Thai identification cards.

The deputy minister said he would discuss the issue with Burmese officials at a meeting on cooperation on drug suppression organised by the United Nations on Drug Cooperation Programme (UNDCP) in Beijing, China on May 26-27.

Ministers from China, Vietnam, Cambodia, Laos and Burma will be present at the meeting.

Meanwhile in Mae Hong Son, Defence Minister Gen Wichit Sukmak said Thailand wanted to see national reconciliation in Burma, saying it would help relieve the burden of refugees who had sought shelter in Thailand.



Gen Wichit made the comment while inspecting the border. He said Burma should understand how Thailand had suffered over the refugee problem.

"Thailand has sheltered this burden for a long time, which has been caused by internal strife in Burma among minority groups and caused us trouble," said the defence minister.

Gen Wichit said he was optimistic that border problems would gradually be improved, and he did not believe that Burmese forces would make cross-border attacks into Thai territory.

He said Thailand and Burma had coordinated closely through border committees at the local and regional level.

Gen Wichit ruled out any possibility of a military clash between the security forces of the two countries.

In a separate interview in Tak, he said Thailand has no policy of supporting minority rebels in Burma.

Col Phibun Bucha, commander of the Third Army's Task Force 35, yesterday briefed the defence minister over security, saying the situation had been improved greatly as a result of reinforcements in the area.

The Third Army Region and the Police Department sent troops to the border after elements of the Rangoon-backed Democratic Karen Buddhist Army [DKBA] conducted a series of cross-border attacks on camps holding anti-Rangoon Karen rebels and intimidated Thai security forces protecting the camps.

Rangoon has denied any link with the DKBA.

In a related incident, a local security source said that Burma has asked for Thai cooperation over a report that forces of the Karen National Progressive Party (KNPP) had transferred a large amount of illegal logs into Thailand through provincial crossing points.

"They want us to close the crossing points," the security source said.

#### **Surin Comments More on Refugees**

*BK1605034895 Bangkok THE NATION in English  
16 May 95 p a1*

[FBIS Transcribed Text] Tak — A Thai soldier was injured after an unidentified armed group engaged his security unit in a gunfight as it guarded a refugee camp in Tha Song Yang district here early yesterday, border officials said.

According to the source, the clash at the Shoklo border camp took place around 4 am. It lasted 10 minutes before the 10 armed intruders retreated into Burma.

Sgt [Sergeant] Chen Somphaibun was shot in the left leg and was admitted to Tha Song Yang District Hospital.

The incident followed an ambush on a Thai patrol jeep on the Mae Sot-Tha Song Yang border road on Sunday. Thai helicopter gunships, tanks and jeeps equipped with machine guns expelled the intruders after a 15-minute clash which produced no casualties, said border sources.

In a related development, the chief of the 10th Cavalry Battalion, Maj Yothin Bunchuai, said yesterday his men arrested two KNU [Karen National Union] members for illegally entering Thailand and confiscated their jeep.

The battalion handed over the two Karen to the 34th Border Task Force for interrogation.

Meanwhile, Deputy Foreign Minister Surin Phitsuwan said yesterday that the relocation of Karen refugee camps on the border deeper into Thailand and the dispatch of senior Foreign Ministry officials to Rangoon are probably not necessary as the Thai and Burmese armies seem to have the border situation under control.

However, Surin said talks on the repatriation of the refugees are still necessary to make sure it is acceptable to both the Burmese government and the Karen refugees.

Surin yesterday said Burma's attitude to the border problems had "improved".

Just last week, Rangoon accused Thai elements along the border of aiding ethnic insurgents fighting the Burmese government. It also denied responsibility for repeated intrusions into Thailand by the Democratic Karen Buddhist Army (DKBA).

"The (border) situation seems to have returned to normal. The Thai and Burmese Armies in the past few days have been in closer cooperation to solve the conflicts," Surin said.

He said Burma had also shown a positive response toward Thailand's repeated calls for Rangoon to stop the DKBA's incursions into Thai territory.

"The relocation of the 17 Karen camps 10 kilometres deeper inside Thailand may not be necessary at the moment," he said.

Surin's statement came as the National Security Council called a brainstorming session yesterday with senior officials from the Foreign Ministry, Defense Ministry, Interior Ministry, the Armed Forces and the National Intelligence Bureau to review the border situation and formulate strategies to handle future incidents.

Surin did not attend the meeting but was later briefed by his ministry's senior officials.



He said coordination between Thai authorities handling border issues was becoming smoother.

Karen who eventually want to return will be allowed to, while those who are still uncertain about the situation would be allowed to stay put, Surin said.

#### **Assistant Army Chief Comments**

*BK1505154195 Bangkok Radio Thailand Network in Thai 1200 GMT 15 May 95*

[FBIS Translated Text] Assistant Army Commander General Chettha Thanacharo said the search for weapons at the Karen refugee camps in Tak and Mae Hong Son Provinces conducted by the Army was in keeping with the government's and Armed Forces' policy of not allowing foreign armed elements in Thai territory. He said during an interview with reporters that the raids for weapons at those camps were good, because Thailand's position is now clear. The assistant Army commander said he believes that Burma understands Thailand.

Asked about a report that war weapons had been smuggled into Thailand for use in sabotage acts, Gen. Chettha said this should be prevented. He said the Burmese people of Karen ethnic origin had created trouble for the Thai people, and he would hold no discussion with Lieutenant General Bo Mya, leader of the independent Karens' movement. He said there was no need for a discussion; Thailand has never been involved with or supported any factions. Thailand only provided shelter for the refugees under humanitarian principles. However, the refugees would be pushed back as soon as possible.

Asked about the fear of a negative outcome of the no-confidence debate in the parliament against the entire cabinet, the assistant Army commander expressed his confidence that there would be no violence. He is confident that authorities concerned will be able to control the situation. As for the soldiers, he said they will not get involved.

#### **Army Spokesman on Border**

*BK1605051695 Bangkok THE NATION in English 16 May 95 p a6*

[Interview with Army spokesman Colonel Phalangkun Klahan by Yaowaret Sutthaphintu; place and date not given]

[FBIS Transcribed Text] [Yaowaret] How is the situation along the Thai-Burmese border?

[Phalangkun] Military operations remain the same. We have found a lot of weapons. When the Christian Karen fled into Thailand, they brought their weapons with

them. When they arrived, they buried them. There are many refugee camps which are not strictly controlled by us. Someday they will dig up those weapons and use them to kill or rob Thai people. The situation is much like that along the Thai-Cambodian border. There are a lot of weapons buried there.

[Yaowaret] Why are there still so many illegal weapons along the Thai-Burmese border?

[Phalangkun] We have only a few border patrol police and volunteers. It is easy to smuggle weapons into Thailand.

[Yaowaret] Do the Thai military have any plans to suppress the Buddhist Karen?

[Phalangkun] After our continuous military actions, the Buddhist Karen said they would stop their operations. Our policy remains the same — if they attack us, we will retaliate.

[Yaowaret] Will the military send the Christian Karen back to Burma?

[Phalangkun] We will definitely send them back. We have a clear policy that states we don't want them to stay too long. But they must want to go back and it must be safe for them. We don't want permanent refugee camps in Thailand. We want to send them back because often they fell trees and encroach on forests. We also have to spend a lot of money taking care of them.

[Yaowaret] Critics say the military does not want to push the Christian Karen back because it wants a budget from the government?

[Phalangkun] That's not true. Our major policy is that we don't want illegal immigrants. We have to ask for a larger budget because we have to increase the number of our staff taking care of them. Previously we used some 100 officers to oversee illegal immigrants. But now we have to control some 50,000 refugees.

[Yaowaret] How are the relations between the Thai and Burmese military?

[Phalangkun] There are no problems. What we have to do on our soil, we do legally. We do not cross the border. We have the right to take immediate action against any groups illegally entering Thailand.

[Yaowaret] Do you think the situation along the Thai-Burmese border will escalate?

[Phalangkun] I'm confident that the situation will not escalate because it is a local issue. The situation has improved after our actions against the Christian Karen. The fact that we have sent more soldiers to the border does not mean that the situation has worsen. This is just



a normal operation to increase the confidence of Thai villagers, and for us to ensure we will be well-prepared for any situation.

[Yaowaret] Are you confident that the Thai military can control the situation?

[Phalangkun] I'm confident that we can defend the country. The people along the border should not be worried. But they should tell us if they hear any information that concerns illegal crossings. We have problems if the people do not help us.

[Yaowaret] Why did the military allow intruders to cross the border on several occasions?

[Phalangkun] Please don't be disappointed with the Army. Everything is very time-consuming. If the situation had escalated, we could have been blamed for using aggressive measures. But if we decide to be aggressive, we will be. We have to act carefully. We will use military force, if negotiations fail.

[Yaowaret] But why has the military allowed the Buddhist Karen to violate our sovereignty on several occasions?

[Phalangkun] We have taken action over that and the Buddhist Karen have called a truce.

[Yaowaret] What was behind the Buddhist Karen launching attacks on Thai soil?

[Phalangkun] They side with Rangoon, which wants to separate the two Karen forces and let them destroy each other. Buddhist Karen want power from Rangoon, or they may have reached certain agreements which we do not know about.

[Yaowaret] Have we become a tool of any side?

[Phalangkun] We are not anyone's tool. We don't want to fight Burma, but we have to do our job.

[Yaowaret] What do you think about the suggestion from Suthin Noppaket, chairman of the House Committee on Foreign Affairs, that Thailand should not resort to military action as it could damage bilateral relationships with Burma?

[Phalangkun] I would like him to repeat that standing on the border when they (the Karen guerrillas) open fire. But now people want him dismissed. Military officials use a military strategy, while diplomats use a diplomatic approach.

[Yaowaret] In what way do you view the Government's constructive engagement with Burma?

[Phalangkun] This depends on the Government. For example, to sanction one country will cause that country to turn to another. If we want a country to be as

developed as we are, we have to lead the way and show what developed countries can achieve, such as Singapore and Malaysia. The word "constructive" is a good word. They (the Burmese government) will gradually learn that while they are engaged in civil war, other countries are developing.

[Yaowaret] Many parties think the constructive engagements arose because of a selfish policy of ASEAN, designated to be profitable to Burma?

[Phalangkun] We may surmise that from now on Burma has no right to be involved in ASEAN affairs, and should be isolated. If that happens, the only ones to suffer would be them. They (Burma) would have to seek assistance from some other countries. They may turn to China.

#### Army Seizes 'War Weapons'

BK1405110795 Bangkok THE SUNDAY NATION  
in English 14 May 95 p A3

[FBIS Transcribed Text] Mae Hong Son — The Army said yesterday it has seized more war weapons in the latest raids on two Karen refugee camps in Mae Sariang and Sop Moei districts.

The operations at Mae Lamaluang and Ban Paomalu camps on Friday came after the first coordinated raids which netted big caches of arms from four refugee camps in Tak province on Wednesday.

The weapons confiscated from the Mae Hong Son camps included 27 AK-47, seven M-16 and eight HK-33 assault rifles, three rocket launchers and a large assortment of ammunition, Colonel Phibun Bucha, commander of the 35th Border Task Force said.

He said the raids were part of efforts to step up security on the border and to reduce tension with the Burmese government and its troops, both of which have accused Thailand of supporting the Karen National Union (KNU).

The colonel said the situation along the Thai-Burmese border was returning to normal after months of incursions by armed insurgents from Burma.

Phibun said soldiers had been sent to provide security for people in the areas prone to fighting. He urged people to inform his task force if there was trouble.

On Wednesday, about 400 men from the police and Army searched Saiko, Ban Huai Manok, Ban Koko and Ban Ma Hala camps in Tak's Mae Sot district.

They seized five machine guns, four rocket launchers, 29 M-16 assault rifles, four hand grenades and more than 3,000 rounds of ammunition.



Deputy Army Commander-in-Chief Chettha Thanacharo said yesterday Thailand and Burma still had a good relationship, despite the attacks on Karen refugee camps in Thailand.

He said the Foreign Ministry had asked the Burmese government to produce evidence to back its charges that Thai forces had injured innocent people during reprisal attacks against the renegade Democratic Karen Buddhist Army in Burma.

He said it was more appropriate that the ministry should handle the border issue as soldiers were responsible only for protecting the country's sovereignty.

"I do not believe the situation will get any worse," he said.

#### **SLORC Visit to Karen Base Cited on Television**

*BK1405102595 Bangkok THE SUNDAY POST  
in English 14 May 95 p 1*

[FBIS Transcribed Text] While Rangoon denies any involvement in the incursions by armed Buddhist Karens into Thailand, Burmese television recently reported on a visit by high-level members of the State Law and Order Restoration Council (Slorc) to the head office of the Democratic Karen Buddhist Organisation (DKBO).

The television report, monitored in Tak's Mae Sot district, showed the second secretary-general of Slorc Lieutenant General Tin U, Interior Minister Mya Thinn, Military Chief-of-Staff Lieutenant General Maung Hla, Southeastern Force Commander Major General Ket Sein, the agriculture minister and many high-ranking military officers visiting the DKBO's headquarters in a temple near Thu Mwe Hta village north of Manerplaw, a former Karen National Union (KNU) camp opposite Sop Moei district of Mae Hong Son.

The Burmese officials were greeted by soldiers in Democratic Karen Buddhist Army (DKBA) uniforms.

U Thuzana, the founder of the DKBO, gave the visiting officials a report on the activities being conducted by his organisation.

Lt-Gen Tin U was full of praise for U Thuzana, saying he believed the DKBO would be able to bring back all the Karen refugees to Burma and pledged to give his full support to the organisation, according to the television report.

Situation reports prepared by Tak's Tha Song Yang authority have indicated that after the KNU had lost several camps in Burma, DKBA soldiers crossed the border into Thailand on 35 separate occasions between February and early May to abduct KNU leaders, attack and burn down Karen refugee camps, threaten Thai

authorities, rob and murder villagers along the border and threaten non-governmental organisations giving aid to Karen refugees.

All of this was undertaken to force Karen refugees to return to Burma.

Tha Song Yang district chief Wanlop Sipha said about 7,000 Karen refugees had returned to Burma via Mae Ta Wa camp opposite Tha Song Yang after incursions by the DKBA.

The DKBO yesterday distributed leaflets along the Thai border claiming it had no intention of causing serious incidents in Thailand, adding that it only wanted Karen refugees to return home to join in the nation's development.

The DKBO was established by U Thuzana, 46, late last year.

Its headquarters are located in a temple near Thu Mwe Hta village, north of a former KNU camp at Manerplaw, opposite Sop Moei District of Mae Hong Son Province.

Military sources said U Thuzana was being supported by the Slorc to divide the KNU, containing both Christians and Buddhists.

#### **Editorial Views Upcoming No-Confidence Debate**

*BK1605101595 Bangkok BANGKOK POST  
in English 16 May 95 p 4*

[Editorial: "Debate Could Give Fresh Start to Democracy"]

[FBIS Transcribed Text] The most common question which emerges every time there is a no-confidence debate is whether the Government will survive the Opposition's onslaught. Again this week, the same politically-troubling question has emerged and begs for an answer. But this time the challenge is likely be the toughest ever for the Government because it can no longer rely on the people's trust which has dwindled of late.

Being outnumbered in the House of Representatives, there is little prospect of the Opposition being able to gain enough supporting votes to topple the Government. Some pro-government MPs could break ranks which appears unlikely, although there is some open dissent among some MPs in the Chat Phatthana and Phalang Tham Parties. Yet, the Opposition can expect to garner the backing and praise of the people if they can produce damning evidence, in addition to the usual rhetoric, that will prove beyond doubt the mishandling of the land reform scheme by the Government or abuse of the scheme by pro-government MPs.



Government ministers have been told by Prime Minister Chuan Likhai to prepare themselves for any queries to be put forward by the Opposition during the censure debate. But the focus of the debate is the mishandling of the implementation of the land reform scheme allegedly by former deputy agriculture minister Suthep Thuaksuban — a big mistake for which the Opposition has insisted that the Government, particularly the Democrats, must be held accountable.

Apparently, the gravest error committed by the Government in the implementation of the land reform scheme was not that land plots were given out to the rich and disqualified people. It was, in essence, the initial responses of the Democrats, especially Prime Minister Chuan Likhai, which dealt a blow to the trust of the public in the Government. By the time the Government decided to act to right the wrong, public trust had already been irreparably eroded.

But what was even worse appeared to be former deputy agriculture minister Suthep's inappropriate conduct in attempting to stir up people in the South to act against the revocation of So Po Ko land [land granted to poor and landless farmers with the condition that it cannot be sold] given out to disqualified recipients. The Democrat Party's inaction in dealing with such conduct by proffering the excuse that the former minister was eligible to act in the way he did gave the unmistakable impression that the conduct had the party's implicit seal of approval.

The forthcoming censure debate will provide the Opposition with a golden opportunity to prove its worth as an effective check-and-balance mechanism. In so doing, pure rhetoric and personal attacks based on hearsay which characterized previous censure debates will not be sufficient to sway public opinion. Only hard facts and evidence will do this. It can only be hoped that the Opposition does not allow this rare opportunity to slip by.

Again, the Government can expect to survive intact as it did in previous censure debates if survival is the ultimate goal aspired to by all the coalition parties. All that is required is for pro-government MPs to strictly follow political etiquette and unquestioningly vote in unison for the Government.

But it should be noted that survival of a government does not necessarily mean the survival of democracy. They are, in fact, two different issues. Rather, the departure of a government which is losing the trust and confidence of the people could usher in a new era of hope for democracy and an administration which is hopefully more responsive to the aspirations of the people.

The crucial decision rests with the MPs, particularly those in the government camp. They can just faithfully toe the Government's line in order to maintain the status quo. Or they can follow their own political conscience and wisdom — if they still have any left — in order to give democracy another fresh start.

#### **Tough Fight Over Aviation Rights Anticipated**

*BK1605054195 Bangkok THE NATION in English  
16 May 95 pp b1, b2*

[Report by THE NATION Business Desk: "The development of Thailand's second designated airline could be hampered by a tough fight for aviation privilege"]

[FBIS Transcribed Text] There was a big round of applause when the Transport and Communications Ministry announced a scheme to launch a second national airline. All the plan needs now is a nod from Cabinet to take off.

Transport Minister Dr. Wichit Suraphongchai and his friend Minister Tharin Nimmanhemin at the Finance Ministry — the largest shareholder in THAI — have come to realize that the long-time THAI monopoly needs to be broken. This is also seen as a long term option to cure the ailing national carrier.

However, this bitter pill may be difficult to swallow.

To set up a new airline requires huge capital. In the blueprint, potential investors are required to hold at least [baht] Bt2.5-billion paid up capital if they want to operate domestic and regional flights. But for inter-continental destinations, they must be bold enough to invest Bt5 billion.

"It's very difficult for the second airline. Though there are some top businessmen interested in the aviation business, they have to rethink as the competition becomes fiercer. It will not be a boom like in the past," said an aviation expert with more than 20 years experience.

The lack of personnel in the aviation industry is another matter for concern. Looking at THAI, skilled pilots and technicians are thin on the ground. At the top, THAI still lacks a CEO [Chief Executive Office] who knows what the airline business is really about.

However, the biggest obstacle lies in bilateral aviation rights arrangements. All airlines in the world have to conform to the frequency of flights and the capacity of passengers set by various national governments.

The tragic story of Air Siam is still fresh in some memories. This private carrier was set up in the 1970s and fought bitterly against THAI to win both rights



and passengers. Its collapse could be attributed partly to discrimination in distributing aviation rights. It was reported that the shareholders lost around Bt400 million.

In practical terms, aviation talks are handled by Transport and Communications Ministry. By virtue of the position, the Ministry's permanent secretary chairs the Thai negotiation team which represents the Thai Government. The director-general of the Aviation Department serves as secretary-general.

While other nations are careful to avoid conflicts of interest by not allowing regulators to get personally involved with any of their national airlines, Thailand has yet to make such arrangements. The THAI board of directors normally includes either the Ministry's permanent secretary or the Aviation Department's director-general, or both.

When the second airline is formed, it must also comply with aviation rights agreements. This requires the Thai Government to start negotiations with any country the second airline plans to service. Though Thailand already has agreements with some countries for THAI, new negotiations are needed for the second airline.

"When government officials sit on the board of one airline, it's quite difficult for them to be impartial and fight for the most favorable rights for their airline's competitor. The second airline might be given second-best destinations," said the expert.

The international aviation talks themselves become more complicated. With countries with only one designated airline, particularly powerful countries like the United States, negotiations are generally arduous. A second designated airline will add even more pressure.

Such unfair treatment and negotiation difficulties have been experienced by all second designated airlines around the world; South Korea's Asiana Airlines, Taiwan's Eva Air, and Austria's LaudaAir.

When Eva Air was set up, it had to struggle for aviation rights, virtually by itself. As some countries have not established diplomatic ties with Taiwan, the young airline was able to conduct talks more easily.

However, most of its agreements are temporary, according to a source. What keeps Eva flying is probably its strong financial parent, Evergreen — one of the world's largest shipping lines.

Lauda faces a similar fate. As it is not well supported by the Austrian Government, the airline has to deal directly with Thailand for aviation rights. Currently, it is flying charter flights for each particular season, so it faces difficulties mapping out marketing plans.

In addition to this constraint, Lauda incurs unnecessary costs when flying to Thailand and also-picking up passengers at a third country. On the Vienna-Bangkok route, it has to pay charges to the Thai Government if it wants to load passengers at Hong Kong. This is because THAI is also operating Bangkok-Hong Kong.

However, the beneficiary is THAI as it exercised some influence to get paid by Lauda. It is estimated that Lauda gives THAI about Bt100 million a year for flying on this "fifth freedom" arrangement.

## Vietnam

**Vo Van Kiet, U.S. Mission Discuss MIA Issue**

*BK1605033095 Hanoi Voice of Vietnam Network  
in Vietnamese 2300 GMT 15 May 95*

[FBIS Translated Text] The U.S. presidential mission led by Mr. Guber, deputy secretary of veteran affairs; Mr. Lord, assistant secretary of state; and Mr. Wold, deputy assistant secretary of defense, who are on a visit to hold talks with Vietnamese officials on issues of mutual concern, paid a courtesy visit on Prime Minister Vo Van Kiet at the government office on 15 May.

Prime Minister Vo Van Kiet welcomed the delegation and attached special significance to their visit, describing it as a new contribution to the promotion of the normalization of ties between Vietnam and the United States. He noted that Vietnam-U.S. relations have satisfactorily developed since the lifting of the economic embargo against Vietnam. Though the two countries have not established diplomatic relations at the ambassadorial level, the opening of liaison offices at each other's capital city is good progress. Bilateral economic relations are being developed at an encouraging speed. He said that in the past the two governments have paid much attention and necessary efforts to improve bilateral relations. Now is the right moment for the two governments to find solutions to issues of mutual concern and grab hold of the opportunity to implement the normalization of Vietnam-U.S. relations since it responds to the current trends of peace, friendship, and development of the world.

Regarding the missing in action [MIA], an issue of concern to the United States' president, government, and an important section of the people, the prime minister reiterated the Vietnamese Government's consistent policy to actively cooperate with the U.S. side in the MIA issue and never attach this issue to other political issues. This policy has been well demonstrated before and after the lifting of the U.S. embargo. The cooperation of Vietnam has steadily increased and has become more effective. At present as well as in the future, the fine development



of bilateral and multifaceted relations between the two countries will further speed up these humanitarian operations.

The U.S. presidential mission expressed their pleasure at visiting Vietnam and thanked Prime Minister Vo Van Kiet for the reception given to them to exchange views on issues of common concern. They shared the opinion of the prime minister on the progress in bilateral relations, particularly on the MIA issue. They also expressed their impressions about positive changes for the better in U.S.-Vietnam relations. The increase in the number of visits exchanged between delegations and the presence of American companies in Vietnam have been good signs of developing relations between the two countries. The events of Vietnam becoming an official member of ASEAN and actively participating in regional fora have again affirmed Vietnam's foreign policy to integrate into the world community. This will create opportunities for the two countries to discuss issues of mutual concern.

The U.S. presidential mission thanked the prime minister and highly valued Vietnam's policy of considering the MIA issue a humanitarian one, and Vietnam's cooperation with the U.S. side in this issue. They also affirmed that Vietnam's positive cooperation in the MIA issue will create more opportunity to broaden multifaceted relations between the two countries in the future.

#### **Le Duc Anh's Activities in France Reported**

*BK1405135195 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 11 May 95*

[FBIS Translated Text] Mr. Rene Monory, president of the French Senate, his deputy, and other officials of the French Senate hosted a grand banquet this morning in honor of President Le Duc Anh and his wife on the occasion of the latter's arrival in France to attend the 50th anniversary of the victory over fascism at the invitation of French President Francois Mitterrand.

In the afternoon, President Le Duc Anh cordially received Comrade Robert Hue, secretary general of the French Communist Party; and the president of the

French-Vietnamese Friendship Association. President Le Duc Anh also met with representatives of Vietnamese nationals in France. In the evening, President Le Duc Anh, his wife, and his entourage were feted by Vietnamese Ambassador to France Trinh Ngoc Thai and his wife.

Also today, President Le Duc Anh visited the Louvre Museum.

#### **Concludes Visit to France**

*BK1205154495 Hanoi VNA in English 1455 GMT 12 May 95*

[FBIS Transcribed Text] Hanoi VNA May 12 — President Le Duc Anh, his wife and entourage left Paris this afternoon, concluding their visit from May 7 to France for celebrations of the 50th anniversary of the victory over fascism.

President Le Duc Anh had contacts with President Francois Mitterrand, the newly-elect president Jacques Chirac, and other senior officials of France, and heads of state of other countries who were in Paris for the same purpose. President Francois Mitterrand and the new president, Jacques Chirac, all expressed their country's wish to continue promoting the traditional friendly and cooperative ties with Vietnam.

The Vietnamese state president was feted by the President of the Senate Rene Monory who expressed the French Senate's goodwill to promote practical measures in support of Vietnam in national construction.

The Vietnamese leader also cordially talked with his Congolese counterpart, in addition to his meetings with Mr. Pascal Lissouba, the secretary general of the French Communist Party (FCP), Mr. Robert Hue, and the Political Bureau member and head of the FCP External Relations Commission, Mr. Francis Wurtz, and the president of the France-Vietnam Friendship Association, Mr. Charles Fourniaux.

The Vietnamese delegation also visited Marseille, Toulouse, and Montreuil.



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